

**CARBON COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**CARBON COUNTY  
FINANCIAL STATEMENTS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b><u>PAGE</u></b>
<b><u>OPINION</u></b> Independent Auditors' Report	1-2
<b><u>MD&amp;A</u></b> Management's Discussion and Analysis	3-10
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
 <b>Government-wide Financial Statements:</b>	
EXHIBIT 1      Statement of Net Assets	11-12
EXHIBIT 2      Statement of Activities	13
 <b>Governmental Fund Financial Statements:</b>	
EXHIBIT 3      Balance Sheet - Governmental Funds	14
EXHIBIT 4      Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
EXHIBIT 5      Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
EXHIBIT 6      Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
EXHIBIT 7      Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	18-23
EXHIBIT 8      Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Southeastern Utah District Health Department	24
EXHIBIT 9      Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Municipal Services Fund	25

**CARBON COUNTY  
FINANCIAL STATEMENTS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b><u>PAGE</u></b>
<b><u>BASIC FINANCIAL STATEMENTS (Continued)</u></b>	
<b>Proprietary Fund Financial Statements:</b>	
EXHIBIT 10	Statement of Net Assets - Proprietary Funds 26
EXHIBIT 11	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds 27
EXHIBIT 12	Statement of Cash Flows - Proprietary Funds 28-29
<b>Fiduciary Fund Financial Statements:</b>	
EXHIBIT 13	Statement of Fiduciary Net Assets - Fiduciary Funds 30
<b>Component Unit Fund Financial Statements:</b>	
EXHIBIT 14	Statement of Net Assets - Component Units 31
EXHIBIT 15	Statement of Activities - Component Units 32
	Notes to the Financial Statements 33-61
<b><u>SUPPLEMENTARY INFORMATION</u></b>	
<b>Combining Fund Statements and Schedules:</b>	
SCHEDULE 1	Combining Balance Sheet - Nonmajor Governmental Funds 62-63
SCHEDULE 2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 64-65
SCHEDULE 3	Combining Statement of Net Assets - Fiduciary Funds 66
SCHEDULE 4	Schedule of Current Taxes Levied, Collected and Treasurer's Relief 67
SCHEDULE 5	Schedule of Contract Revenues/Expenditures - Southeastern Utah District Health Department 68-72

**CARBON COUNTY  
FINANCIAL STATEMENTS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b><u>PAGE</u></b>
 <b><u>SUPPLEMENTAL STATE COMPLIANCE</u></b>	
Auditors' Report on State Compliance for State Grants	73-74
 <b><u>AUDITORS' REPORTS AND SUPPLEMENTARY SCHEDULES ACCORDING TO SINGLE AUDIT ACT AND GOVERNMENT AUDIT STANDARDS</u></b>	
Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	75-76
Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	77-78
Schedule of Findings and Questioned Costs	79
SCHEDULE 6 Schedule of Expenditures of Federal Awards	80-83
Notes to Schedule of Expenditures of Federal Awards	84
Summary Schedule of Prior Audit Findings	85

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Carbon County  
Price, Utah 84501

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, as of December 31, 2005, and for the year then ended, which collectively comprise the County's basic financial statement as listed in the table of contents. These financial statements are the responsibility of Carbon County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2006 on our consideration of Carbon County's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING

*Smuin, Rich & Marsing*

Price, Utah

August 5, 2006

**CARBON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

---

This discussion of Carbon County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2005. This report is in conjunction with the County's financial statements.

The purpose of the County is to provide general services to its residents, which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

**Financial Highlights**

- The assets of Carbon County exceeded its liabilities as of December 31, 2005 by \$79,053,281 (net assets). Of this amount, \$3,274,484 (unrestricted net assets) may be used to meet the governments' ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$730,055. The revenues and expenditures were less than the adopted budgeted amounts.
- At the close of the current year, the Carbon County governmental funds reported combined ending fund balances of \$7,182,183, an increase of \$1,541,012 in comparison with the prior year. Approximately 21 percent of this total amount, \$1,476,112 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current year, unreserved fund balance for the general fund was \$1,014,302, or approximately 10.6 percent of total general fund expenditures.
- Carbon County's total debt did not increase during the current year.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. Government-wide financial statements consist of the following: the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements, for governmental activities, tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. This report also contains notes and other supplementary information in addition to the basic financial statements.

## **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of Carbon County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of Carbon County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Carbon County is improving or deteriorating.

The Statement of Activities presents information showing revenues and expenditures of the County and how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Carbon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Carbon County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activities of Carbon County are the Carbon County Municipal Building Authority and the County Court Complex.

The government-wide financial statements include not only Carbon County itself (known as the primary government), but also two legally separate special service districts, the Scofield Special Service District and the Carbon County Recreation & Transportation Special Service District, for which Carbon County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

## **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Carbon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Carbon County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.



## **Fund financial statements (Continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Carbon County maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, municipal services fund, and Southeastern Utah District Health, tax stability - permanent fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Carbon County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

- Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Carbon County uses an enterprise fund to account for its County Court Complex and Municipal Building Authority operations.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Carbon County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.
- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.
- Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Carbon County. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

## Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Carbon County, assets exceeded liabilities by \$79,053,281 at December 31, 2005.

By far the largest portion of Carbon County's net assets (90.58 percent) reflects its investment in capital assets (e.g. land, building, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Carbon County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Carbon County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**Net Assets**

	Governmental Activities 2005	Business-Type Activities 2005	Total Primary Government 2005
Current and other assets	\$ 8,245,892	\$ (216,790)	\$ 8,029,102
Capital assets	68,192,112	8,342,360	76,534,472
Total assets	<u>\$ 76,438,004</u>	<u>\$ 8,125,570</u>	<u>\$ 84,563,574</u>
Long-term debt outstanding	\$ 695,749	\$ 3,392,592	\$ 4,088,341
Other liabilities	1,085,970	335,982	1,421,952
Total liabilities	<u>\$ 1,781,719</u>	<u>\$ 3,728,574</u>	<u>\$ 5,510,293</u>
Net assets:			
Investment in capital assets, net of debt	\$ 66,653,608	\$ 4,949,768	\$ 71,603,376
Restricted	4,175,421		4,175,421
Unrestricted	3,827,256	(552,772)	3,274,484
Total net assets	<u>\$ 74,656,285</u>	<u>\$ 4,396,996</u>	<u>\$ 79,053,281</u>

A portion of Carbon County's net assets (5.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$3,274,484 may be used to meet the government's on going obligations to citizens and creditors.

At the end of the year, Carbon County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Government-wide financial analysis (Continued)**

Governmental activities increased Carbon County's net assets by \$658,926. Key elements of this increase are as follows:

**Table 2**  
**Change in Net Assets**

	<b>Governmental Activities 2005</b>	<b>Business-Type Activities 2005</b>	<b>Total Primary Government 2005</b>
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 6,595,197	\$ 481,212	\$ 7,076,409
Operating grants and contributions	4,001,964		4,001,964
Capital grants and contributions	212,890		212,890
General Revenues:			
Property taxes	5,670,334		5,670,334
Sales taxes	1,988,051		1,988,051
Other general revenues	2,061,114	12,421	2,073,535
Total revenues	<u>\$ 20,529,550</u>	<u>\$ 493,633</u>	<u>\$ 21,023,183</u>
<b>Program expenses</b>			
General government	\$ 4,183,771		\$ 4,183,771
Public safety	4,661,444		4,661,444
Public health	3,999,089		3,999,089
Highways and public improvements	5,772,797		5,772,797
Parks and recreation	503,585		503,585
Conservation & econ. development	749,938		749,938
Interest on long-term debt		\$ 102,103	102,103
MBA		231,041	231,041
County Court Complex		89,360	89,360
Total expenses	<u>\$ 19,870,624</u>	<u>\$ 422,504</u>	<u>\$ 20,293,128</u>
Change in net assets	\$ 658,926	\$ 71,129	\$ 730,055
Net assets - beginning	<u>73,997,359</u>	<u>4,325,867</u>	<u>78,323,226</u>
Net assets - ending	<u>\$ 74,656,285</u>	<u>\$ 4,396,996</u>	<u>\$ 79,053,281</u>

### Government-wide financial analysis (Continued)

For 2005 Carbon County experienced new growth totaling \$8,097,714 as reported to the State Tax Commission on form TC 714. This increase in new growth explains the \$313,271 increase in the General Fund property tax revenues for the County. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities increased Carbon County's net assets by \$71,129. Key elements of this increase are shown in Table 2 Change in Net Assets.

As noted earlier, Carbon County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- **Governmental funds** - The focus of Carbon County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Carbon County's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Carbon County's governmental funds reported combined ending fund balances of \$7,182,184, which is an increase of \$1,541,012 in comparison with the prior year. Approximately, 42 percent or \$3,006,763 constitutes unreserved fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of Carbon County. At the end of the current year, unreserved fund balance of the general fund was \$1,014,302.

- **Proprietary funds** - Carbon County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total unrestricted net assets of the proprietary funds at the end of the year amounted to (\$552,772) deficit.

### General Fund Budgetary Highlights

Changes from the original budget to the final are outlined below:

<u>Function</u>	<u>Original</u>	<u>Final</u>	<u>Change Inc. (Dec.)</u>
General Government	\$ 3,843,648	\$ 4,190,308	\$ 346,660
Public Safety	2,506,757	2,480,757	(26,000)
Public Health	218,706	218,706	
Highway and Public Improvements	1,132,010	1,152,010	20,000
Parks, recreation and public property	254,621	274,621	20,000
Other financing sources - transfers	1,290,449	1,290,449	
Conservation and Economic Development	401,528	451,620	50,092
Net			<u>\$ 410,752</u>

## Capital Asset and Debt Administration

### Capital Assets

Carbon County's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$68,192,112 (net of accumulated depreciation). This investment in capital assets includes land, rights of way, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, and bridges. The total decrease in Carbon County's capital assets for the current year was \$872,957.

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**  
**2005**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Right of ways	\$ 1,361,829	
Land	1,315,317	\$ 367,492
Buildings	1,881,490	7,535,889
Improvements other than buildings	5,281,375	
Machinery and equipment	3,584,182	438,979
Infrastructure	54,621,919	
Water stock	146,000	
	<u>\$ 68,192,112</u>	<u>\$ 8,342,360</u>

Additional information on Carbon County's capital assets can be found in the notes to the financial statements.

### **Long-term debt**

As presented in the schedule below, the total long-term debt of Carbon County was \$4,110,602, which included revenue bonds, capital leases and compensated absences.

Additional information on Carbon County's long-term debt can be found in the notes to financial statements.

<u>Description</u>	<u>Amount</u>
Revenue Bonds	\$ 3,392,592
Capital Leases	176,675
Compensated Absences	<u>541,335</u>
	<u>\$ 4,110,602</u>

### **Economic Factors and Next Year's Budgets and Rates**

- The June 2006 unemployment rate for Carbon County was 3.3 percent, which is a significant decrease from a rate of 4.8 percent a year ago. This is higher than the state's average unemployment rate of 3.1 percent but lower than the national average rate of 4.6 percent for the same time period.
- The value of new residential construction decreased by approximately 5.0 percent and non-residential construction decreased by approximately 17.0 percent. The decrease in construction was offset by a strong increase in oil and gas production, causing a slight acceleration in our economic activity as indicated by the amount of new growth.

All of these factors were considered in preparing Carbon County's budget for the 2006 year.

### **Requests for Information**

This financial report is designed to provide a general overview of Carbon County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Carbon County Clerk-Auditor, 120 East Main, Price, Utah, 84501.

**CARBON COUNTY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash	\$ 1,493,756	\$ 451,233	\$ 1,944,989	\$ 300,582
Investments	5,278,134		5,278,134	3,014,256
Investments - restricted				7,123,447
Restricted cash	189,680		189,680	
Taxes receivable	468,915		468,915	
Notes receivable	807,652		807,652	
Miscellaneous receivables		176,675	176,675	
Due from other governments				2,456,794
Inventory of supplies	7,755		7,755	
Capital assets (net of accumulated depreciation):				
Land	1,315,317	367,492	1,682,809	1,421,614
Rights-of-way	1,361,829		1,361,829	
Water stock	146,000		146,000	110,000
Buildings	1,881,490	7,535,888	9,417,378	106,334
Improvements other than buildings	5,281,375		5,281,375	1,530,258
Fixtures and equipment	3,584,182	438,980	4,023,162	223,100
Infrastructure	54,621,919		54,621,919	
Total assets	\$ 76,438,004	\$ 8,970,268	\$ 85,408,272	\$ 16,286,385
<u>LIABILITIES</u>				
Cash deficit		\$ 844,698	\$ 844,698	
Accounts payable	\$ 766,939	198,741	965,680	\$ 70,158
Accrued payroll	223,721		223,721	
Accrued liabilities	67,289		67,289	408
Deferred revenue	5,760		5,760	
Deferred rents		86,825	86,825	
Bond interest payable		50,416	50,416	90,494
Capital leases payable - Due within one year	22,261		22,261	
Revenue bonds payable - Due within one year		322,190	322,190	1,058,982
Capital leases payable - Due in more than one year	154,414		154,414	
Revenue bonds payable - Due in more than one year		3,070,402	3,070,402	5,659,714
Compensated absences	541,335		541,335	
Total liabilities	\$ 1,781,719	\$ 4,573,272	\$ 6,354,991	\$ 6,879,756

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 66,653,608	\$ 4,949,768	\$ 71,603,376	\$ 2,916,169
Restricted for:				
Class "B" roads	173,180		173,180	
Economic development	253,022		253,022	
Municipal services	3,226,753		3,226,753	
Health care	601,697		601,697	
Capital projects	(100,394)		(100,394)	3,483,262
Landfill	21,163		21,163	
Debt service				3,762,010
Unrestricted	3,827,256	(552,772)	3,274,484	(754,812)
Total net assets	<u>\$ 74,656,285</u>	<u>\$ 4,396,996</u>	<u>\$ 79,053,281</u>	<u>\$ 9,406,629</u>

"The notes to the financial statements are an integral part of this statement."



**CARBON COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	COMPONENTS UNITS
Primary government:							
Governmental activities:							
General government	\$ 4,183,771	\$ 301,676	\$ 47,093	\$	\$ (3,835,002)	\$	\$ (3,835,002)
Public safety	4,661,444	1,170,033	536,197		(2,955,214)		(2,955,214)
Highways and public improvements	5,772,797	4,244,094	911,820	\$ 212,890	(403,993)		(403,993)
Public health	3,999,089	708,656	2,312,982		(977,451)		(977,451)
Parks and recreation	503,585	170,738	130,316		(202,531)		(202,531)
Conservation	749,938		63,556		(686,382)		(686,382)
Total governmental activities	\$ 19,870,624	\$ 6,595,197	\$ 4,001,964	\$ 212,890	\$ (9,060,573)	\$	\$ (9,060,573)
Business-type activities:							
Municipal Building Authority	\$ 333,144	\$ 307,562		\$ 12,421		\$ (13,161)	\$ (13,161)
County Court Complex	89,360	173,650				84,290	84,290
Total business-type activities	\$ 422,504	\$ 481,212	\$	\$ 12,421	\$	\$ 71,129	\$ 71,129
Total primary government	\$ 20,293,128	\$ 7,076,409	\$ 4,001,964	\$ 225,311	\$ (9,060,573)	\$ 71,129	\$ (8,989,444)
Component Units:							
Carbon County Recreation & Transportation							\$ 2,768,911
Special Service District							(22,608)
Scotfield Reservoir Special Service District							
Total component units	\$	\$	\$	\$	\$	\$	\$ 2,746,303
General revenues:							
Property taxes				\$	\$ 5,670,334	\$	\$ 5,670,334
Federal P.L.T.					620,832		620,832
Sales taxes					1,988,051		1,988,051
Miscellaneous taxes					220,008		220,008
Unrestricted investment earnings					221,671		221,671
Royalties					266,335		266,335
Gain/(Loss) on sale of fixed assets					(17,171)		(17,171)
Miscellaneous					577,693		577,693
Tippage fees					171,746		171,746
Total general revenues and transfers				\$	\$ 9,719,499	\$	\$ 9,719,499
Change in net assets				\$	\$ 658,926	\$ 71,129	\$ 730,055
Net assets - beginning					73,997,359	4,325,867	78,323,226
Net assets - ending				\$	\$ 74,656,285	\$ 4,396,996	\$ 79,053,281
							\$ 9,406,029

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	SOUTHEASTERN					TOTAL	
	UTAH					GOVERNMENTAL	
	GENERAL	DISTRICT	MUNICIPAL	TAX	OTHER	FUNDS	
	FUND	HEALTH	SERVICES	STABILITY	FUNDS	FUNDS	
<b>ASSETS</b>							
Cash	\$ 207,931	\$ 476,978	\$ 95,912	\$ 270,000	\$ 442,935	\$	\$ 1,493,756
Restricted cash	21,163		168,517				189,680
Investments	1,008,854		3,008,629	1,260,651			5,278,134
Receivables (net):							
Taxes	447,472		21,443				468,915
Other	200,334	235,198	312,634		59,486		807,652
Inventories		7,755					7,755
Total assets	\$ 1,885,754	\$ 719,931	\$ 3,607,135	\$ 1,530,651	\$ 502,421	\$	\$ 8,245,892
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 377,010	\$ 82,969	\$ 175,700		\$ 131,260	\$	\$ 766,939
Accrued payroll	178,822	35,153			9,746		223,721
Accrued liabilities	41,435	112	25,742				67,289
Deferred revenue			5,760				5,760
Total liabilities	\$ 597,267	\$ 118,234	\$ 207,202	\$	\$ 141,006	\$	\$ 1,063,709
Fund balances:							
Reserved for:							
Class "B" road			\$ 173,180			\$	\$ 173,180
Economic development	\$ 253,022						253,022
Municipal services			3,226,753				3,226,753
Capital projects					\$ (100,394)		(100,394)
Health care							601,697
Landfill	21,163	\$ 601,697					21,163
Unreserved, reported in:							
General fund	1,014,302						1,014,302
Special revenue funds					461,809		461,809
Permanent funds				\$ 1,530,651			1,530,651
Total fund balances	\$ 1,288,487	\$ 601,697	\$ 3,399,933	\$ 1,530,651	\$ 361,415	\$	\$ 7,182,183
Total liabilities and fund balances	\$ 1,885,754	\$ 719,931	\$ 3,607,135	\$ 1,530,651	\$ 502,421	\$	\$ 8,245,892

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**BALANCE SHEET RECONCILIATION TO**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

Total fund balances - governmental fund types: \$ 7,182,184

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,315,317	
Rights of Way	1,361,829	
Water stock	146,000	
Buildings	1,881,490	
Improvements other than buildings	5,281,375	
Fixtures and equipment	3,584,182	
Infrastructure	<u>54,621,919</u>	
 Total		 68,192,112

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital leases payable - Due within one year	\$ (22,262)	
Capital leases payable - Due in more than one year	(154,414)	
Compensated absences	<u>(541,335)</u>	
 Total		 <u>(718,011)</u>

Net assets of government activities		\$ <u>74,656,285</u>
-------------------------------------	--	----------------------

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	GENERAL FUND	SOUTHEASTERN UTAH DISTRICT HEALTH	MUNICIPAL SERVICES	TAX STABILITY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Taxes	\$ 6,553,573		\$ 1,164,207		\$ 147,124	\$ 7,864,904
Licenses and permits	34,340		89,051			123,391
Intergovernmental revenues	342,116	\$ 2,075,236	1,815,725		674,141	4,907,218
Charges for services	929,893	708,656	4,121,592		146,664	5,906,805
Fines and forfeitures	279,753					279,753
Interest income		12,910	20,073	\$ 40,933		73,916
Contributions					4,400	4,400
Miscellaneous	1,036,435				366,198	1,402,633
Total revenues	\$ 9,176,110	\$ 2,796,802	\$ 7,210,648	\$ 40,933	\$ 1,338,527	\$ 20,563,020
<b>EXPENDITURES:</b>						
Current:						
General government	\$ 3,978,479		\$ 198,403			\$ 4,176,882
Public safety	2,355,720		2,400,713		\$ 116,143	4,872,576
Highways and public improvements	1,047,358		2,659,669			3,707,027
Public health	204,406	\$ 2,736,118			1,039,865	3,980,389
Parks, recreation, and public property	257,627		4,334		845,264	1,107,225
Conservation and economic development	441,073				289,518	730,591
Capital outlay					447,318	447,318
Total expenditures	\$ 8,284,663	\$ 2,736,118	\$ 5,263,119	\$	\$ 2,738,108	\$ 19,022,008
Excess revenues over (under) expenditures	\$ 891,447	\$ 60,684	\$ 1,947,529	\$ 40,933	\$ (1,399,581)	\$ 1,541,012
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	\$ 634,000			\$ 250,000	\$ 1,055,449	\$ 1,939,449
Transfers out	(1,290,449)		\$ (634,000)		(15,000)	(1,939,449)
Total other financing sources (uses)	\$ (656,449)	\$	\$ (634,000)	\$ 250,000	\$ 1,040,449	\$
Excess of revenues and other sources over (under) expenditures and other uses	\$ 234,998	\$ 60,684	\$ 1,313,529	\$ 290,933	\$ (359,132)	\$ 1,541,012
<b>FUND BALANCES - beginning of year</b>	1,053,489	541,013	2,086,403	1,239,718	720,547	5,641,170
<b>FUND BALANCES - end of year</b>	\$ 1,288,487	\$ 601,697	\$ 3,399,932	\$ 1,530,651	\$ 361,415	\$ 7,182,182

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF CHANGES RECONCILIATION TO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 1,541,012

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

General government	\$ 123,354	
Public safety	455,199	
Public health	13,460	
Highways	397,461	
Parks and recreation	725,480	
Capital outlay	<u>447,318</u>	
Total assets shown as expenditures	\$ 2,162,272	
Less: depreciation	<u>(3,001,759)</u>	
Difference between expenditure and depreciation		(839,487)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade ins, and donation) is to decrease net assets.		(33,470)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		22,890
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(32,019)</u>
Change in net assets of governmental activities		<u>\$ 658,926</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Taxes:				
General property taxes - current year	\$ 3,800,000	\$ 4,068,640	\$ 3,971,603	\$ (97,037)
General property taxes - assessing & collecting	732,000	781,482	811,254	29,772
Prior year taxes - delinquent	110,000	110,000	208,910	98,910
General sales and use taxes	800,000	800,000	917,345	117,345
Fees in lieu of taxes	625,110	625,110	437,942	(187,168)
Franchise taxes	45,000	45,000	26,755	(18,245)
Restaurant tax	160,000	160,000	177,723	17,723
Miscellaneous taxes	3,000	3,000	2,041	(959)
Total taxes	\$ 6,275,110	\$ 6,593,232	\$ 6,553,573	\$ (39,659)
Licenses and Permits:				
Business licenses and permits	\$ 34,000	\$ 34,000	\$ 32,140	\$ (1,860)
Non-business licenses and permits	3,000	3,000	2,200	(800)
Total licenses and permits	\$ 37,000	\$ 37,000	\$ 34,340	\$ (2,660)
Intergovernmental Revenues:				
Federal sources -				
Children's Justice	\$ 256,600	\$ 256,600	\$ 227,372	\$ (29,228)
Victims of Crime	42,100	42,100	33,674	(8,426)
Forest Reserve			1,928	1,928
Council on Defense	7,000	7,000	7,500	500
Miscellaneous			10,000	10,000
Total federal sources	\$ 305,700	\$ 305,700	\$ 280,474	\$ (25,226)
State sources -				
Payment in lieu of tax	\$ 90,000	\$ 90,000	\$ 11,561	\$ (78,439)
Other state grants	25,000	25,000	22,875	(2,125)
Library service grant	13,530	13,530	24,218	10,688
EMS Grant	25,000	25,000	2,988	(22,012)
Total state sources	\$ 153,530	\$ 153,530	\$ 61,642	\$ (91,888)
Total intergovernmental revenues	\$ 459,230	\$ 459,230	\$ 342,116	\$ (117,114)

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Charges for Services:				
General government -				
Recorder fees	\$ 100,000	\$ 100,000	\$ 114,512	\$ 14,512
Auditor fees	10,000	10,000	10,736	736
Total general government	\$ 110,000	\$ 110,000	\$ 125,248	\$ 15,248
Public safety -				
Jail fees	\$ 157,000	\$ 157,000	\$ 175,649	\$ 18,649
Court costs and fees	93,000	93,000	79,576	(13,424)
Total public safety	\$ 250,000	\$ 250,000	\$ 255,225	\$ 5,225
Other charges for services -				
Parks and public property	\$ 22,000	\$ 22,000	\$ 24,074	\$ 2,074
Ambulance fees	400,000	400,000	495,844	95,844
Miscellaneous	8,500	8,500	6,572	(1,928)
G.I.S. fees	23,000	23,000	22,930	(70)
Total other charges for services	\$ 453,500	\$ 453,500	\$ 549,420	\$ 95,920
Total charges for services	\$ 813,500	\$ 813,500	\$ 929,893	\$ 116,393
Fines and Forfeitures:				
Fines	\$ 350,000	\$ 350,000	\$ 279,753	\$ (70,247)
Total fines and forfeitures	\$ 350,000	\$ 350,000	\$ 279,753	\$ (70,247)

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Miscellaneous Revenues:				
Interest	\$ 65,000	\$ 65,000	\$ 161,829	\$ 96,829
Rents and concessions	47,400	47,400	66,274	18,874
Royalties	110,000	110,000	200,061	90,061
Sale of fixed assets	10,000	10,000	16,299	6,299
Airport fees and fuel sales	127,800	127,800	222,902	95,102
Tippage fees - ECDC	105,000	105,000	171,746	66,746
Miscellaneous	134,000	134,000	197,324	63,324
Total miscellaneous revenues	\$ 599,200	\$ 599,200	\$ 1,036,435	\$ 437,235
Total Revenues	\$ 8,534,040	\$ 8,852,162	\$ 9,176,110	\$ 323,948

The notes to the financial statements are an integral part of this statement.



**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
EXPENDITURES				
Current:				
General Government:				
Commission	\$ 230,018	\$ 270,018	\$ 261,987	\$ 8,031
Justice court	294,793	294,793	261,630	33,163
District court	7,000	7,000	3,375	3,625
Public defender	180,000	235,000	214,400	20,600
Personel	65,187	90,187	83,802	6,385
Clerk/Auditor	227,621	232,621	227,429	5,192
Treasurer	123,501	123,501	121,467	2,034
Recorder	180,299	185,299	176,076	9,223
Attorney	512,647	512,647	493,372	19,275
Assessor	327,809	382,809	376,842	5,967
Non-Departmental	445,500	395,500	439,099	(43,599)
Data processing	200,758	305,758	290,219	15,539
Law library	2,000	2,000	1,289	711
Central purchasing	4,000	4,000	2,021	1,979
Micro filming	20,338	20,338	17,684	2,654
Central mailing	32,000	32,000	24,456	7,544
Communications	114,806	131,806	119,195	12,611
Attorney - Childrens Justice	239,274	258,274	245,894	12,380
Building and grounds	111,100	181,100	153,610	27,490
Engineering	194,634	194,634	178,593	16,041
Safety	77,943	82,943	78,426	4,517
Elections	23,500	16,160	2,492	13,668
Graphical information service	154,767	154,767	134,145	20,622
Industrial park	74,153	77,153	70,976	6,177
Total general government	\$ 3,843,648	\$ 4,190,308	\$ 3,978,479	\$ 211,829
Public Safety:				
Victims rights	\$ 30,992	\$ 37,992	\$ 36,480	\$ 1,512
Dispatch	155,000	160,000	156,477	3,523
Ambulance service	546,182	608,182	607,513	669
Jail complex	1,682,751	1,582,751	1,494,541	88,210
Civil defense	91,832	91,832	60,709	31,123
Total public safety	\$ 2,506,757	\$ 2,480,757	\$ 2,355,720	\$ 125,037

The notes to the financial statements are an integral part of this statement.

CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Public Health:				
Indigent	\$ 6,500	\$ 6,500	\$ 1,200	\$ 5,300
Public health	109,181	109,181	109,181	
Mental health	103,025	103,025	94,025	9,000
Total public health	\$ 218,706	\$ 218,706	\$ 204,406	\$ 14,300
Highways and Public Improvements:				
Landfill	\$ 362,549	\$ 382,549	\$ 320,364	\$ 62,185
Maintenance and abatement	452,754	452,754	425,021	27,733
Airport	316,707	316,707	301,973	14,734
Total highways and public improvements	\$ 1,132,010	\$ 1,152,010	\$ 1,047,358	\$ 104,652
Parks, Recreation and Public Property:				
Recreation - Television	\$ 151,800	\$ 171,800	\$ 163,009	\$ 8,791
Library	102,821	102,821	94,618	8,203
Total parks, recreation and public property	\$ 254,621	\$ 274,621	\$ 257,627	\$ 16,994
Conservation and Economic Development:				
Agriculture and extension services	\$ 53,488	\$ 53,488	\$ 48,990	\$ 4,498
Water development	85,000	120,000	110,016	9,984
Economic development - restaurant tax	160,000	160,000	159,796	204
Contributions to other governments	103,040	118,132	122,271	(4,139)
Total conservation and economic development	\$ 401,528	\$ 451,620	\$ 441,073	\$ 10,547
Total expenditures	\$ 8,357,270	\$ 8,768,022	\$ 8,284,663	\$ 483,359
Excess of revenues over (under) expenditures	\$ 176,770	\$ 84,140	\$ 891,447	\$ 807,307

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,113,679	\$ 1,206,309	\$ 634,000	\$ (572,309)
Transfers out	(1,290,449)	(1,290,449)	(1,290,449)	
Total other financing sources (uses)	\$ (176,770)	\$ (84,140)	\$ (656,449)	\$ (572,309)
Excess of revenues and other sources over (under) expenditures and other uses	\$ ...	\$ ...	\$ 234,998	\$ 234,998
Fund balance - beginning of year			1,053,489	1,053,489
Fund balance - end of year	\$ ...	\$ ...	\$ 1,288,487	\$ 1,288,487

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Intergovernmental				
Federal, State and Local funds	\$ 3,036,054	\$ 3,036,054	\$ 2,075,236	\$ (960,818)
Total Intergovernmental	\$ 3,036,054	\$ 3,036,054	\$ 2,075,236	\$ (960,818)
Charges for services				
Charges for services	\$ 670,000	\$ 670,000	\$ 708,656	\$ 38,656
Total Charges for services	\$ 670,000	\$ 670,000	\$ 708,656	\$ 38,656
Miscellaneous				
Investment earnings			\$ 12,910	\$ 12,910
Total miscellaneous	\$ ...	\$ ...	\$ 12,910	\$ 12,910
Total Revenues	\$ 3,706,054	\$ 3,706,054	\$ 2,796,802	\$ (909,252)
<b>EXPENDITURES</b>				
Current:				
Public health	\$ 3,706,054	\$ 3,706,054	\$ 2,736,118	\$ 969,936
Total public health	\$ 3,706,054	\$ 3,706,054	\$ 2,736,118	\$ 969,936
Total expenditures	\$ 3,706,054	\$ 3,706,054	\$ 2,736,118	\$ 969,936
Excess of revenue over (under)				
expenditures	\$ ...	\$ ...	\$ 60,684	\$ 60,684
Fund balance - beginning of year			541,013	541,013
Fund balance - end of year	\$ ...	\$ ...	\$ 601,697	\$ 601,697

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
MUNICIPAL SERVICES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 979,500	\$ 998,485	\$ 1,164,207	\$ 165,722
Licenses and permits	84,500	84,500	89,051	4,551
Intergovernmental	1,714,500	1,714,500	1,815,725	101,225
Charges for services	3,665,000	3,665,000	4,121,592	456,592
Miscellaneous	49,000	49,000	20,073	(28,927)
<b>Total Revenues</b>	<b>\$ 6,492,500</b>	<b>\$ 6,511,485</b>	<b>\$ 7,210,648</b>	<b>\$ 699,163</b>
<b>EXPENDITURES</b>				
General government	\$ 201,569	\$ 201,569	\$ 202,737	\$ (1,168)
Public safety	2,238,601	2,500,601	2,284,542	216,059
Parks, recreation and public property	106,898	128,898	123,657	5,241
Highways and public improvements	2,362,953	2,762,953	2,652,183	110,770
<b>Total expenditures</b>	<b>\$ 4,910,021</b>	<b>\$ 5,594,021</b>	<b>\$ 5,263,119</b>	<b>\$ 330,902</b>
<b>Excess of revenue over (under) expenditures</b>	<b>\$ 1,582,479</b>	<b>\$ 917,464</b>	<b>\$ 1,947,529</b>	<b>\$ 1,030,065</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers out	\$ (1,582,479)	\$ (1,582,479)	\$ (634,000)	\$ 948,479
<b>Total other financing sources (uses)</b>	<b>\$ (1,582,479)</b>	<b>\$ (1,582,479)</b>	<b>\$ (634,000)</b>	<b>\$ 948,479</b>
<b>Excess of revenue and other sources over (under) expenditures and other uses</b>	<b>\$ ...</b>	<b>\$ (665,015)</b>	<b>\$ 1,313,529</b>	<b>\$ 1,978,544</b>
<b>Fund balance - beginning of year</b>		<b>665,015</b>	<b>2,086,403</b>	<b>1,421,388</b>
<b>Fund balance - end of year</b>	<b>\$ ...</b>	<b>\$ ...</b>	<b>\$ 3,399,932</b>	<b>\$ 3,399,932</b>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTAs
<b><u>ASSETS</u></b>			
Current assets:			
Cash		\$ 451,233	\$ 451,233
Receivables - net			
Miscellaneous	\$ 176,675		176,675
Total current assets	\$ 176,675	\$ 451,233	\$ 627,908
Noncurrent assets:			
Land	\$ 169,492	\$ 198,000	\$ 367,492
Buildings	8,191,615	1,576,152	9,767,767
Furniture, fixtures and equipment	644,908	84,442	729,350
Less: accumulated depreciation	(1,696,453)	(825,796)	(2,522,249)
Total noncurrent assets	\$ 7,309,562	\$ 1,032,798	\$ 8,342,360
Total assets	\$ 7,486,237	\$ 1,484,031	\$ 8,970,268
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Cash deficit	\$ 844,698		\$ 844,698
Accounts payable	198,048	\$ 693	198,741
Deferred rents		86,825	86,825
Accrued interest payable	50,416		50,416
Current portion of long-term liabilities	210,000	91,300	301,300
Total current liabilities	\$ 1,303,162	\$ 178,818	\$ 1,481,980
Noncurrent liabilities:			
Revenue bonds payable	\$ 3,091,292		\$ 3,091,292
Total noncurrent liabilities	\$ 3,091,292	\$ ...	\$ 3,091,292
Total liabilities	\$ 4,394,454	\$ 178,818	\$ 4,573,272
Net Assets:			
Invested in capital assets, net of related debt	\$ 4,008,270	\$ 941,498	\$ 4,949,768
Unrestricted	(916,487)	363,715	(552,772)
Total net assets	\$ 3,091,783	\$ 1,305,213	\$ 4,396,996

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTAs
Operating revenues:			
Rental income	\$ 307,562	\$ 173,650	\$ 481,212
Total operating revenues	\$ 307,562	\$ 173,650	\$ 481,212
Operating expenses:			
Utilities		\$ 26,595	\$ 26,595
Repairs and maintenance	\$ 9,027	18,552	27,579
Depreciation	222,014	44,213	266,227
Total operating expenses	\$ 231,041	\$ 89,360	\$ 320,401
Operating income (loss)	\$ 76,521	\$ 84,290	\$ 160,811
Nonoperating revenues (expenses):			
Interest expense	\$ (102,103)		\$ (102,103)
Miscellaneous	12,421		12,421
Total nonoperating revenues (expenses)	\$ (89,682)	\$ ...	\$ (89,682)
Income (loss) before contributions and transfers	\$ (13,161)	\$ 84,290	\$ 71,129
Transfers:			
Transfers in (out)			
Total transfers in (out)	\$ ...	\$ ...	\$ ...
Change in net assets	\$ (13,161)	\$ 84,290	\$ 71,129
Total net assets - beginning	3,104,944	1,220,923	4,325,867
Total net assets - ending	\$ 3,091,783	\$ 1,305,213	\$ 4,396,996

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTA's
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 307,562	\$ 173,650	\$ 481,212
Payments to suppliers	(9,027)	(48,124)	(57,151)
Net cash provided (used) by operating activities	\$ 298,535	\$ 125,526	\$ 424,061
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of capital assets	\$ (466,986)		\$ (466,986)
Principal paid on capital debt	(223,735)	\$ (91,300)	(315,035)
Interest paid on capital debt	(105,047)		(105,047)
Receipts from Note Receivable	21,321		21,321
Advances from (to) other funds	(381,207)		(381,207)
Net cash provided (used) by capital and related financing activities	\$ (1,155,654)	\$ (91,300)	\$ (1,246,954)
<b>Cash Flows From Investing Activities:</b>			
Interest and dividends received	\$ 12,421		\$ 12,421
Net cash provided (used) by investing activities	\$ 12,421	\$ ...	\$ 12,421
Net increase (decrease) in cash and cash equivalents	\$ (844,698)	\$ 34,226	\$ (810,472)
Cash and cash equivalents, January 1		417,007	417,007
Cash and cash equivalents, December 31	\$ (844,698)	\$ 451,233	\$ (393,465)

"The notes to the financial statements are an integral part of this statement."



**CARBON COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MUNICIPAL BUILDING AUTHORITY	COUNTY COURT COMPLEX	TOTAL BTA's
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 76,521	\$ 84,290	\$ 160,811
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 222,014	\$ 44,213	\$ 266,227
Increase (Decrease) in accounts payable		(2,977)	(2,977)
Total adjustments	\$ 222,014	\$ 41,236	\$ 263,250
Net cash provided (used) by operating activities	\$ 298,535	\$ 125,526	\$ 424,061

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2005**

	<u>AGENCY FUNDS</u>
 <u><b>ASSETS</b></u>	
Cash	\$ 2,058,647
Receivables (net):	
Taxes	56,563
Miscellaneous	223,363
Investments	<u>929,992</u>
Total assets	<u>\$ 3,268,565</u>
 <u><b>LIABILITIES</b></u>	
Precinct fees, bail and bonds payable	\$ 52,445
Accounts payable	57,625
Due to other governments	1,867,352
Due taxing units	2,071
Alimony support and miscellaneous	<u>1,289,072</u>
Total liabilities	<u>\$ 3,268,565</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
DECEMBER 31, 2005**

	SCOFIELD RESERVIOR SPECIAL SERVICE DISTRICT	CARBON COUNTY RECREATION & TRANSPORTATION SPECIAL SERVICE DISTRICT	TOTAL
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 19,684	\$ 280,898	\$ 300,582
Investments	238,222	2,776,034	3,014,256
Restricted Investments		7,123,447	7,123,447
Due from other governments		2,456,794	2,456,794
Capital assets (net of accumulated depreciation):			
Land	16,128	1,405,486	1,421,614
Buildings		106,334	106,334
Equipment		223,100	223,100
Sewer systems and improvements	731,591	798,667	1,530,258
Water stock		110,000	110,000
Total assets	<u>\$ 1,005,625</u>	<u>\$ 15,280,760</u>	<u>\$ 16,286,385</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 1,247	\$ 68,911	\$ 70,158
Accrued liabilities		408	408
Bond interest payable	473	90,021	90,494
Revenue bonds payable - Due within one year	8,982	1,050,000	1,058,982
Revenue bonds payable - Due in more than one year	66,155	5,593,559	5,659,714
Total liabilities	<u>\$ 76,857</u>	<u>\$ 6,802,899</u>	<u>\$ 6,879,756</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 672,582	\$ 2,243,587	\$ 2,916,169
Restricted for:			
Capital projects		3,483,262	3,483,262
Debt Service		3,762,010	3,762,010
Unrestricted	256,186	(1,010,998)	(754,812)
Total net assets	<u>\$ 928,768</u>	<u>\$ 8,477,861</u>	<u>\$ 9,406,629</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Function/Programs	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		TOTAL
			SCOFIELD RESERVOIR SPECIAL SERVICE DISTRICT	CARBON COUNTY RECREATION & TRANSPORTATION SPECIAL SERVICE DISTRICT	
<b>Governmental activities:</b>					
<b>Carbon County Recreation &amp; Transportation   Special Service District</b>					
Highways and public improvements	\$ 4,098,782	\$ 609,075		\$ (3,489,707)	\$ (3,489,707)
Parks, recreation and public improvements	914,948			(914,948)	(914,948)
Intergovernmental	618,564			(618,564)	(618,564)
Interest on long term liabilities	243,131			(243,131)	(243,131)
<b>Total governmental activities</b>	<b>\$ 5,875,425</b>	<b>\$ 609,075</b>	<b>\$ ...</b>	<b>\$ (5,266,350)</b>	<b>\$ (5,266,350)</b>
<b>Business-type activities:</b>					
<b>Scofield Reservoir Special Service District</b>			\$ (28,578)		\$ (28,578)
<b>Total business-type activities</b>	<b>\$ ...</b>	<b>\$ ...</b>	<b>\$ (28,578)</b>	<b>\$ ...</b>	<b>\$ (28,578)</b>
<b>Total component units</b>	<b>\$ 5,875,425</b>	<b>\$ 609,075</b>	<b>\$ (28,578)</b>	<b>\$ (5,266,350)</b>	<b>\$ (5,294,928)</b>
<b>General revenues:</b>					
Mineral lease revenue				\$ 7,589,066	\$ 7,589,066
Investment earnings			\$ 8,222		8,222
State PILT				90,192	90,192
Interest expense			(2,252)	356,003	353,751
<b>Total general revenues and transfers</b>			<b>\$ 5,970</b>	<b>\$ 8,035,261</b>	<b>\$ 8,041,231</b>
<b>Change in net assets</b>			<b>\$ (22,608)</b>	<b>\$ 2,768,911</b>	<b>\$ 2,746,303</b>
<b>Net assets - beginning</b>			<b>951,376</b>	<b>5,708,950</b>	<b>6,660,326</b>
<b>Net assets - ending</b>			<b>\$ 928,768</b>	<b>\$ 8,477,861</b>	<b>\$ 9,406,629</b>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Carbon County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

**A. Reporting Entity**

For financial reporting purposes, Carbon County has included all funds, organizations, account groups, agencies, boards and commissions. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the County.

As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, which issued separate financial statements, as noted below, can be obtained from their respective administrative offices.

The following County districts had separately issued financial statements and were audited or had financial statements compiled or reviewed by other independent auditors:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Reporting Entity (Continued)**

**Price River Water Improvement District and Carbon Water Conservancy District** - The water conservancy districts were created for the conservation and development of the water and land resources of Utah and for the greatest beneficial use of water within the state. Water conservancy districts are created under the "Water Conservancy Act". The Districts' were audited or had financial statements compiled or reviewed by other independent auditors and issued under separate cover.

**Blended Component Units**

These component units are entities, which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

**Municipal Building Authority of Carbon County** - The Municipal Building Authority of Carbon County was created by the County Commission as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Commission and may be removed and replaced at any time by its discretion.

**Southeastern Utah District Health** - State law allows the creation of multi-county health departments. Local health departments are responsible within their boundaries for providing, directly or indirectly, basic public health services. The County Commissioner within the boundaries of the health district appoints the health district board.

**Discrete Component Units**

These component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of these entities.

**Scofield Reservoir Special Service District**

The District was created by the Carbon County Commission under state statute. It has a seven-member board. Its primary purpose and function is to provide a waste disposal system for the residence in and around Scofield Reservoir.

**Carbon County Recreation & Transportation Special Service District**

The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the District's governing board. The District was created for the purpose of building, maintaining or improving roads within the District's boundaries. The District was audited and their report has been issued under separate cover.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting**

The government-wide financial statements ( i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, component funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Governmental-wide Financial Statements** -The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Governmental Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- Southeastern Utah District Health Fund – The Southeastern Utah District Health Fund is used to account for revenues and expenditures used to provide basic public health services.
- Municipal Services Fund – The Municipal Services Fund accounts for monies received by the County for the purpose of providing municipal type services for the unincorporated areas of the County.
- Tax Stability Fund – This fund accounts for the monies, which are transferred from other funds to be used for emergency situations.

The County's non-major governmental funds include other special revenue funds, debt service fund, and capital projects fund. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The Debt Service Fund accounts for the activity of retiring long-term debt. The Capital Projects fund is used to record activity of a small capital project.

**Proprietary Fund Financial Statements** – The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The county reports the following major proprietary funds:

- **Municipal Building Authority** – The Municipal Building Authority Fund accounts for the resource for the financing, owning, leasing and operating of facilities to meet the needs of the County government.
- **County Court Complex** – This fund accounts for the activity of owning and renting the court building to the State of Utah.

**Fiduciary Fund Financial Statements** – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting.

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Private-Sector Standards of Accounting and Financial Reporting** – Relative to both the government-wide and proprietary fund statements, the County applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

**Interfund Transactions** – Interfund transactions represent transactions between different funds within the County. In general, interfund activity has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide statement of activities. Interfund receivables and payables have been eliminated from the government-wide statement of net assets.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Program Revenues/Operating Revenues and Expenses From Non-Operating Items – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, permanent funds and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the Board of County Commissioners a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The Board of County Commissioners discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The Commission can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statements of cash flow are presented for proprietary funds under the direct method.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventories**

Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

**G. Compensated Absences**

It is the County's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. An estimate of sick leave liability and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Employees can carry over up to 192 hours of unused vacation from one year to the next. Hours that exceed the 192 hours are lost if unused. Employees can carry over unlimited hours of unused sick leave from one year to the next. Employees will only be paid for unused sick leave upon termination or retirement, at a rate of 4 to 1.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$541,335.

**H. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**I. Capital Assets**

Capital assets include land, rights of ways, buildings, improvements other than buildings, machinery and equipment, and infrastructure (roads and bridges). These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Improvements	15-40 years
Equipment	5-10 years
Infrastructure, (bridges)	20-50 years

**J. Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

## 2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

<b>Primary Government Governmental activities:</b>	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
Capital assets not being depreciated:				
Land	\$ 1,315,317			\$ 1,315,317
Rights of Way	1,319,266	\$ 42,563		1,361,829
Water stock	146,000			146,000
Total capital assets not not being depreciated	<u>\$ 2,780,583</u>	<u>\$ 42,563</u>	<u>\$ ...</u>	<u>\$ 2,823,146</u>
Capital assets being depreciated:				
Buildings	\$ 4,231,891			\$ 4,231,891
Improvements other than buildings	9,021,066	\$ 841,061	\$ (8,600)	9,853,527
Machinery and equipment	9,368,373	1,278,648	(118,673)	10,528,348
Infrastructure (Roads & Bridges)	121,523,719			121,523,719
Total capital assets being depreciated	<u>\$ 144,145,049</u>	<u>\$ 2,119,709</u>	<u>\$ (127,273)</u>	<u>\$ 146,137,485</u>
Less accumulated depreciation for:				
Buildings	\$ 2,259,210	\$ 91,191		\$ 2,350,401
Improvements other than buildings	4,313,360	259,545	\$ (753)	4,572,152
Machinery and equipment	6,317,759	719,457	(93,050)	6,944,166
Infrastructure (Roads & Bridges)	64,970,234	1,931,566		66,901,800
Total accumulated depreciation	<u>\$ 77,860,563</u>	<u>\$ 3,001,759</u>	<u>\$ (93,803)</u>	<u>\$ 80,768,519</u>
Total capital assets, being depreciated, net	<u>\$ 66,284,486</u>	<u>\$ (882,050)</u>	<u>\$ (33,470)</u>	<u>\$ 65,368,966</u>
Governmental activities capital assets, net	<u>\$ 69,065,069</u>	<u>\$ (839,487)</u>	<u>\$ (33,470)</u>	<u>\$ 68,192,112</u>

## 2. CAPITAL ASSETS (Continued)

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 367,492			\$ 367,492
Total capital assets not being depreciated	\$ 367,492	\$ ...	\$ ...	\$ 367,492
Capital assets being depreciated:				
Buildings	\$ 9,102,733	\$ 665,034		\$ 9,767,767
Machinery and equipment	729,525		\$ (175)	729,350
Total capital assets being depreciated	\$ 9,832,258	\$ 665,034	\$ (175)	\$ 10,497,117
Less accumulated depreciation for:				
Buildings	\$ 2,013,687	\$ 218,191		\$ 2,231,878
Machinery and equipment	242,510	48,036	\$ (175)	290,371
Total accumulated depreciation	\$ 2,256,197	\$ 266,227	\$ (175)	\$ 2,522,249
Total capital assets, being depreciated, net	\$ 7,576,061	\$ 398,807	\$ ...	\$ 7,974,868
Business-type activities capital assets, net	\$ 7,943,553	\$ 398,807	\$ ...	\$ 8,342,360

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 121,871
Public safety	227,058
Public Health	55,050
Highways and public improvements	2,459,081
Parks and recreation	115,946
Conservation and economic development	22,753

Total depreciation expense - governmental activities

\$ 3,001,759

**Business-type activities:**

County Court Complex	\$ 44,213
Municipal building authority	222,014

Total depreciation expense - Business-Type Activities

\$ 266,227

Total depreciation expense

\$ 3,267,986

## 2. CAPITAL ASSETS (Continued)

Component units:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:				
Land	\$ 1,421,615			\$ 1,421,615
Water stock	110,000			110,000
Total capital assets not being depreciated	\$ 1,531,615	\$ ...	\$ ...	\$ 1,531,615
Capital assets being depreciated:				
Buildings	\$ 141,618			\$ 141,618
Improvements other than buildings	2,577,622			2,577,622
Machinery and equipment	333,920	\$ 50,216		384,136
Total capital assets being depreciated	\$ 3,053,160	\$ 50,216	\$ ...	\$ 3,103,376
Less accumulated depreciation for:				
Buildings	\$ 31,743	\$ 3,541		\$ 35,284
Improvements other than buildings	970,826	76,538		1,047,364
Machinery and equipment	134,003	27,033		161,036
Total accumulated depreciation	\$ 1,136,572	\$ 107,112	\$ ...	\$ 1,243,684
Total capital assets, being depreciated, net	\$ 1,916,588	\$ (56,896)	\$ ...	\$ 1,859,692
Component units capital assets, net	\$ 3,448,203	\$ (56,896)	\$ ...	\$ 3,391,307

Depreciation expense was recorded as an expense for the following component units:

Carbon County Recreation & Transportation Special Service District	\$ 76,017
Scofield Reservoir Special Service District	31,095
Total depreciation expense	\$ 107,112

### 3. LONG-TERM DEBT

#### **Primary Government**

Annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 21,320	\$ 6,184	\$ 27,504	\$ 322,190	\$ 98,202	\$ 420,392
2007	22,261	5,404	27,665	238,087	91,110	329,197
2008	23,201	4,592	27,793	246,289	83,772	330,061
2009	23,137	3,783	26,920	253,497	76,155	329,652
2010	25,005	2,940	27,945	260,708	68,292	329,000
2011-2016	61,751	3,115	64,866	1,200,632	225,089	1,425,721
2017-2021				764,000	46,235	810,235
2022-2026				92,000		92,000
2027-2030				15,189		15,189
	<u>\$ 176,675</u>	<u>\$ 26,018</u>	<u>\$ 202,693</u>	<u>\$ 3,392,592</u>	<u>\$ 688,855</u>	<u>\$ 4,081,447</u>

**Revenue Bonds** – Revenue Bonds payable at December 31, 2005, with their outstanding balances are comprised of the following individual issues:

#### **Business-type Activities:**

##### LEASE REVENUE BOND – SERIES 1985

The County sold \$1,826,000 in lease revenue bonds. The proceeds are being used to construct a commercial building. The building is being leased to the State of Utah, and the rental income will be used to retire the bonds. The financial activity and transactions are being reported in an enterprise fund.

##### **LEASE REVENUE BOND - SERIES 1985 NON-INTEREST BEARING**

<u>DATE</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-06	\$ 91,300	\$ 91,300
	<u>\$ 91,300</u>	<u>\$ 91,300</u>



### 3. LONG-TERM DEBT (Continued)

#### LEASE REVENUE BOND - SERIES 1990

The Municipal Building Authority of Carbon County, Utah sold \$400,000 in revenue bonds. The proceeds from the sale were used to purchase and renovate a commercial building in Price. Southeastern Utah District Health Department has entered into a capital lease on the building. The payments will be used to retire the revenue bond.

#### MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY, UTAH LEASE REVENUE BOND - SERIES 1990 INTEREST RATE 3.5% PER ANNUM

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-07	\$ 4,445	\$ 24,000	\$ 28,445
01-01-08	3,605	25,000	28,605
01-01-09	2,730	25,000	27,730
01-01-10	1,820	26,000	27,820
01-01-11	910	27,000	27,910
	<u>\$ 13,510</u>	<u>\$ 127,000</u>	<u>\$ 140,510</u>

#### LEASE REVENUE BONDS - SERIES 1992A AND 1992B

The Municipal Building Authority of Carbon County, Utah sold \$2,600,000 and \$1,250,000 in revenue bonds during 1992. The bond proceeds will be used to purchase land and build a new public safety building and related facility. Upon completion, the entire project will be leased to Carbon County. The rental income will be used to retire the bonds.

#### MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE BOND - SERIES 1992A INTEREST RATE 3.5% PER ANNUM

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-06	\$ 56,737	\$ 101,000	\$ 157,737
07-01-07	53,737	104,000	157,737
07-01-08	49,737	108,000	157,737
07-01-09	45,737	112,000	157,737
07-01-10	41,965	116,000	157,965
OTHER YEARS	177,057	1,083,000	1,260,057
	<u>\$ 424,970</u>	<u>\$ 1,624,000</u>	<u>\$ 2,048,970</u>

3. LONG-TERM DEBT (Continued)

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE  
BOND - SERIES 1992B INTEREST RATE 3.5% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-06	\$ 27,848	\$ 48,000	\$ 75,848
07-01-07	25,848	50,000	75,848
07-01-08	23,848	52,000	75,848
07-01-09	22,120	54,000	76,120
07-01-10	20,330	56,000	76,330
OTHER YEARS	84,821	523,000	607,821
	<u>\$ 204,815</u>	<u>\$ 783,000</u>	<u>\$ 987,815</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY, UTAH - LEASE REVENUE  
BOND SERIES 1997**

In July 1997 the Municipal Building Authority issued Series 1997 Lease Revenue Bonds in the amount of \$425,000.00. The proceeds to be used for the restoration and renovation of the County's Senior Citizen Center referred to as the Project. The Project will be leased back to Carbon County, and the lease revenue will be used to retire the debt.

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE  
BOND - SERIES 1997 INTEREST RATE 3.0% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
02-01-06	\$ 7,530	\$ 28,000	\$ 35,530
02-01-07	6,690	29,000	35,690
02-01-08	5,820	30,000	35,820
02-01-09	4,920	31,000	35,920
02-01-10	3,990	32,000	35,990
OTHER YEARS	6,090	101,000	107,090
	<u>\$ 35,040</u>	<u>\$ 251,000</u>	<u>\$ 286,040</u>

3. **LONG-TERM DEBT (Continued)**

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE  
BOND SERIES 1998**

The Municipal Building Authority of Carbon County Utah sold \$122,750.00 in revenue bonds in 1999. The proceeds will be used to make airport improvements. The improvements will be leased to Carbon County and the rental income will be used to retire the debt.

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE  
BOND SERIES 1998 – INTEREST RATE 2.5% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-06	\$ 2,017	\$ 7,890	\$ 9,907
07-01-07	1,820	8,087	9,907
07-01-08	1,617	8,289	9,906
07-01-09	1,410	8,497	9,907
07-01-10	1,197	8,708	9,905
OTHER YEARS	2,559	37,632	40,191
	<u>\$ 10,620</u>	<u>\$ 79,103</u>	<u>\$ 89,723</u>

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001A  
(ACTIVE RE-ENTRY BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$400,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct an office building. The building will be leased to Active Re-Entry, a non-profit corporation.

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND – SERIES 2001A  
(ACTIVE RE-ENTRY BUILDING)**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
09-01-06		\$ 16,000	\$ 16,000
09-01-07		16,000	16,000
09-01-08		16,000	16,000
09-01-09		16,000	16,000
09-01-10		16,000	16,000
OTHER YEARS		255,189	255,189
	<u>\$ ...</u>	<u>\$ 335,189</u>	<u>\$ 335,189</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001B  
(FAIRGROUNDS BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$120,000 in revenue bonds. The bonds are non-interest bearing. The proceeds will be used to construct buildings at the Carbon County Fairgrounds. The buildings will be leased to Carbon County.

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND – SERIES 2001B  
(FAIRGROUNDS BUILDING)**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
09-01-06		\$ 6,000	\$ 6,000
09-01-07		6,000	6,000
09-01-08		6,000	6,000
09-01-09		6,000	6,000
09-01-10		6,000	6,000
OTHER YEARS		72,000	72,000
	<u>\$ ...</u>	<u>\$ 102,000</u>	<u>\$ 102,000</u>

**Governmental Activities:**

**SOUTHEASTERN UTAH DISTRICT HEALTH - BUILDING CAPITAL LEASE**

Southeastern Utah District Health entered into a capital lease with Carbon County Building Authority for the purchase of land, building and improvements.

**SOUTHEASTERN UTAH DISTRICT HEALTH - BUILDING CAPITAL LEASE  
INTEREST RATE 7.0% PER ANNUM**

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-07	\$ 6,184	\$ 22,261	\$ 28,445
01-01-08	5,405	23,200	28,605
01-01-09	4,593	23,137	27,730
01-01-10	3,783	24,072	27,855
01-01-11	2,941	25,004	27,945
12-15-11	2,066	28,991	31,057
12-15-12	1,046	30,010	31,056
	<u>\$ 26,018</u>	<u>\$ 176,675</u>	<u>\$ 202,693</u>

### 3. LONG-TERM DEBT (Continued)

#### SUMMARY OF NET CHANGES - PRIMARY GOVERNMENT

<u>Description</u>	<u>Balance 01-01-05</u>	<u>Retired</u>	<u>Issued</u>	<u>Balance 12-31-05</u>	<u>Due Within One Year</u>
<u>Business-type Activities</u>					
Lease Series 1985	\$ 182,600	\$ (91,300)		\$ 91,300	\$ 91,300
MBA Lease Revenue 1997	278,000	(27,000)		251,000	28,000
Lease Series 1990	150,000	(23,000)		127,000	24,000
Lease Revenue 1992A	1,722,000	(98,000)		1,624,000	101,000
Lease Revenue 1992B	829,000	(46,000)		783,000	48,000
MBA Lease Revenue 1998	86,837	(7,734)		79,103	7,890
Lease Revenue 2001A	351,190	(16,001)		335,189	16,000
Lease Revenue 2001B	108,000	(6,000)		102,000	6,000
	<u>\$ 3,707,627</u>	<u>\$ (315,035)</u>	<u>\$ ...</u>	<u>\$ 3,392,592</u>	<u>\$ 322,190</u>
<u>Governmental Activities</u>					
Lease Series 1988					
SEUDH Capital Lease	<u>\$ 197,996</u>	<u>\$ (21,321)</u>	<u>\$ ...</u>	<u>\$ 176,675</u>	<u>\$ 22,261</u>

#### COMPONENT UNITS

Annual debt service requirements to maturity for bonds are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$ 1,058,982	\$ 251,116	\$ 1,310,098
2007	1,091,206	218,796	1,310,002
2008	925,437	185,101	1,110,538
2009	1,060,232	149,939	1,210,171
2010	606,914	110,957	717,871
2011-2013	<u>2,038,925</u>	<u>172,819</u>	<u>2,211,744</u>
	<u>\$ 6,781,696</u>	<u>\$ 1,088,728</u>	<u>\$ 7,870,424</u>

### 3. LONG-TERM DEBT (Continued)

**Community Impact Bonus Loan Payable** – Scofield Reservoir Special Service District secured a Community Impact Board Bonus Loan dated May 16, 1989, in the District's name for \$200,000. It bears an interest rate of 2.5% per annum, with final payment due September 30, 2013. Annual payments of \$10,855 including interest are required to be paid until the debt is paid in full.

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$ 8,982	\$ 1,873	\$ 10,855
2007	9,206	1,649	10,855
2008	9,437	1,418	10,855
2009	9,673	1,182	10,855
2010	9,914	941	10,855
2011-2013	27,925	1,310	29,235
	<u>\$ 75,137</u>	<u>\$ 8,373</u>	<u>\$ 83,510</u>

Carbon County Recreation & Transportation Special Service District issued \$2,500,000 in Road Improvement Revenue Refunding Bonds - Series 1994. The bonds carry an interest rate of 3.0% per annum with interest and principal payments commencing August 1, 2005 and on each August 1<sup>st</sup> thereafter until maturity. The bonds mature on August 1, 2009. The repayment schedule is as follows:

<u>DATE PAYMENT DUE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST CHARGES</u>	<u>TOTAL</u>
2006	\$ 438,000	\$ 54,977	\$ 492,977
2007	451,000	41,837	492,837
2008	465,000	28,307	493,307
2009	478,559	14,357	492,916
Total	<u>\$ 1,832,559</u>	<u>\$ 139,478</u>	<u>\$ 1,972,037</u>

### 3. LONG-TERM DEBT (Continued)

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,005,000 of Highway Revenue Bonds for the "C" Canyon Toll Road Project. The bonds carry an interest rate ranging from 6.1% to 6.4% per annum and are payable semi-annually each April 1<sup>st</sup> and October 1<sup>st</sup> commencing April 1, 1999. Principal payments on this bond issue began on October 1, 1999 and continue through October 1, 2013. The repayment schedule is as follows:

DATE PAYMENT DUE	PRINCIPAL DUE	INTEREST CHARGES	TOTAL
April 1, 2006		\$ 60,038	\$ 60,038
October 1, 2006	\$ 194,000	60,038	254,038
April 1, 2007		53,830	53,830
October 1, 2007	206,000	53,830	259,830
April 1, 2008		47,238	47,238
October 1, 2008	219,000	47,238	266,238
April 1, 2009		40,230	40,230
October 1, 2009	233,000	40,230	273,230
April 1, 2010		33,123	33,123
October 1, 2010	248,000	33,123	281,123
2011 - 2013	838,000	104,249	942,249
	<u>\$ 1,938,000</u>	<u>\$ 573,167</u>	<u>\$ 2,511,167</u>

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,300,000 of Highway Revenue Bonds for the Dugout Canyon Toll Road Project. The bonds carry an annual interest rate of 3.0%. The District is required to make principal and interest payments each July 1<sup>st</sup> until the bonds mature on July 1, 2013. The repayment schedule is as follows:

DATE PAYMENT DUE	PRINCIPAL DUE	INTEREST CHARGES	TOTAL
2006	\$ 218,000	\$ 74,190	\$ 292,190
2007	225,000	67,650	292,650
2008	232,000	60,900	292,900
2009	339,000	53,940	392,940
2010	349,000	43,770	392,770
2011-2013	1,110,000	67,260	1,177,260
	<u>\$ 2,473,000</u>	<u>\$ 367,710</u>	<u>\$ 2,840,710</u>

### 3. LONG-TERM DEBT (Continued)

During 2003, the District entered into a promissory note to purchase real property and certain mineral and water rights located in Scofield, Utah. The terms of the agreement are as follows: Consideration for an option for fifty thousand dollars (\$50,000) allowed the District ninety days to exercise an option to purchase the aforementioned property for \$1,000,000. The District later exercised their option by paying \$150,000 down and signing an \$800,000 promissory note secured by a deed of trust. The note of \$800,000 carries an interest rate of zero percent per annum. Principal payments on this note begin on December 31, 2004 and continue each December 31<sup>st</sup> thereafter until maturity. The repayment schedule is as follows:

DATE PAYMENT DUE	PRINCIPAL DUE	TOTAL PRINCIPAL AND INTEREST
2006	\$ 200,000	\$ 200,000
2007	200,000	200,000
	<u>\$ 400,000</u>	<u>\$ 400,000</u>

### SUMMARY OF NET CHANGES - COMPONENT UNITS

Description	Balance 01-01-05	Retired	Issued	Balance 12-31-05	Due Within One Year
Scofield Reservoir SSD Impact Bonus Loan	\$ 83,686	\$ (8,549)		\$ 75,137	\$ 8,982
C.C. Roads SSD Revenue Refunding Series 1994	2,257,559	(425,000)		1,832,559	438,000
C.C. Recreation & Transportation SSD Highway Revenue Bond Series 1998	2,120,000	(182,000)		1,938,000	194,000
C.C. Recreation & Transportation SSD Toll Road Revenue Bond Series 1998	2,685,000	(212,000)		2,473,000	218,000
C.C. Recreation & Transportation SSD Promissoty Note	600,000	(200,000)		400,000	200,000
	<u>\$ 7,746,245</u>	<u>\$(1,027,549)</u>	<u>\$ ...</u>	<u>\$ 6,718,696</u>	<u>\$ 1,058,982</u>



#### **4. DEPOSITS AND INVESTMENTS**

It is the County's policy to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates the Utah Money Management Council (the "Council"), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The County maintains a cash and investment pool that is used by all funds. Each major fund's portion of this pool, and the aggregate portion of the pool relating to non-major funds, is displayed on the Balance Sheet for Governmental Funds and the Statement of Net Assets for proprietary funds, respectively, as "cash and investments." Total non fiduciary cash and investments is also reflected on the government-wide Statement of Net Assets. The fiduciary fund's portion is found on the Statement of Fiduciary Assets and Liabilities. Income from the investment of the pooled cash is allocated based on each fund's balance in the pool. In addition, cash is separately held by several funds.

##### ***Custodial Credit Risk-Deposits***

The Act requires the depositing of public funds only in a "qualified depository" or a "permitted depository". A "qualified depository" is a Utah depository institution, which complies with capital ratios and public deposit limits established by rule of the Council and which has been certified by the State Commissioner of Financial Institutions for deposit of public funds. A "permitted depository" is an out-of-state financial institution that meets quality criteria established by rule of the Council. The custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered.

The County's deposits are insured up to \$100,000, per account by the Federal Deposit Insurance Corporation. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Uninsured deposits are not collateralized nor are they required to be by State statute. At December 31, 2005, the bank balance of the County's deposits was \$3,652,336.

##### ***Investments***

Investments are recorded at fair value or at cost where there is no material difference from fair value based upon quoted market prices as of December 31, 2005, with the difference between the purchase price and market price being recorded as interest income.

The Act also defines the types of securities allowed as appropriate investments for the County and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories, certified dealers, or directly with the issuer of the securities.

Allowable investments under the Act include:

- Negotiable or nonnegotiable deposits of qualified depositories and permitted depositories.
- Repurchase agreements with qualified depositories or government security dealers certified by the director of the State Division of Securities as meeting quality criteria established by the State Money Management Council.

#### 4. DEPOSITS AND INVESTMENTS (Continued)

Allowable investments under the Act include (Continued):

- Commercial paper, which is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's, which have a remaining term of 270 days or less.
- Bankers' acceptances that are eligible for discount at a Federal reserve bank and which have a remaining term of 270 days or less.
- Obligations of the United States Treasury, including bills, notes, and bonds.
- Obligations other than mortgage pools and other mortgage derivative products issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Agriculture Mortgage Corporation, and Tennessee Valley Authority.
- Corporate obligations maturing in two years or less, which are rated "A" or higher by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard and Poor's.
- Shares or certificates in a money market mutual fund that comply with Rule 2a-7 of the Securities Exchange Commission.
- Utah Public Treasurer's Investment Fund.

The carrying amount and fair value of the County's investments at December 31, 2005 is as follows:

<u>Investment Type</u>	Carrying Amount and Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities:					
Repurchase Agreements	\$ 1,650,688	\$ 1,650,688			
	\$ 1,650,688	\$ 1,650,688	\$ ...	\$ ...	\$ ...
Other Investments:					
Utah Public Treas. Invest. Fund	14,695,141				
Total investments	\$ 16,345,829				

#### 4. DEPOSITS AND INVESTMENTS (Continued)

The Utah Public Treasurer's Investment Fund ("the Pool") is a voluntary external Local Government Investment Pool managed by the Utah State Treasurer to improve investment efficiency and yield. These monies are invested in securities permitted by the Act and contain no withdrawal restrictions other than timely notice of intent to withdraw an amount greater than \$2 million. Investment activity of the State Treasurer in the management of the Pool is reviewed monthly by the Council and is audited by the Utah State Auditor. Monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

Government and agency securities consist of U.S. Treasury bonds, notes and bills, Federal Home notes and government mutual funds with underlying securities that are U.S. Treasury bonds, notes and bills.

##### ***Interest Rate Risk-Investments***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The County's policy for managing interest rate risk is to comply with the Utah Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and to 365 days or less for fixed rate negotiable deposits, and fixed rate corporate obligations. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

##### ***Credit Risk of Debt Securities***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County and Component Units follows the Utah Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The County's rated debt investments as of December 31, 2005 were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

	Carrying Amount and Fair Value	Quality Rating
<b><u>Debt Securities</u></b>		
Repurchase Agreements	\$ 1,650,688	Not Rated

#### 4. DEPOSITS AND INVESTMENTS (Continued)

##### *Custodial Credit Risk-Investment*

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County complies with the custody requirements of the Utah Money Management Act and Rules of the Money Management Council. All investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the Federal Book Entry system or in the book-entry records of the issuer of the security in the name of the public entity. All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council or in the book entry records of the issuer of the security.

The County's investments at December 31, 2005 were held by the County or in the County's name by the County's custodial banks except for repurchase agreements with qualified depositories totaling \$1,650,688 where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County.

##### *Concentration of Credit Risk-Investment*

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the United States government and its agencies. The County complies with the concentration limits of Rule 17 of the Utah Money Management Act.

##### Total Reconciliation

Description	Primary Government	Component Units	Fiduciary Funds
Cash deficit	\$ (844,698)		
Investments - restricted		\$ 7,123,447	
Cash and cash equivalents	1,944,989	300,582	\$ 2,058,647
Cash - restricted	189,680		
Investments	5,278,134	3,014,256	929,992
	<u>\$ 6,568,105</u>	<u>\$ 10,438,285</u>	<u>\$ 2,988,639</u>
Deposits	\$ 1,289,971	\$ 300,582	\$ 2,058,647
Investments	5,278,134	10,137,703	929,992
	<u>\$ 6,568,105</u>	<u>\$ 10,438,285</u>	<u>\$ 2,988,639</u>

## **5. RETIREMENT PLAN - PRIMARY GOVERNMENT**

### **CARBON COUNTY**

**Plan Description.** Carbon County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with Social Security coverage, administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**Funding Policy:** Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Carbon County is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Carbon County is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System, Carbon County is required to contribute 19.08% with an increase to 19.34% effective July 1, 2005, of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Carbon County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2005, 2004 and 2003 were \$18,902.26, \$16,232.81 and \$13,255.52 respectively and for the Noncontributory Retirement System the contributions for December 31, 2005, 2004 and 2003 were \$374,818.99, \$327,310.88 and \$287,645.57 respectively and for the Public Safety Retirement System the contributions for December 31, 2005, 2004 and 2003 were \$246,119.73, \$198,949.38 and \$170,247.21 respectively. The contributions were equal to the required contributions for each year.

### **SOUTHEASTERN UTAH DISTRICT HEALTH**

**Plan Description.** Southeastern Utah District Health contributes to the Local Governmental Contributory Retirement System. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

**5. RETIREMENT PLAN - PRIMARY GOVERNMENT (Continued)**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

**Funding Policy.** Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Southeastern Utah District Health is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Southeastern Utah District Health is required to contribute 11.09% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Southeastern Utah District Health contributions to Local Governmental Contributory Retirement System for the years ending December 31, 2005, 2004 and 2003 were \$8,552.87, \$7,325.20 and \$5,585.58 respectively and for the Noncontributory Retirement System the contributions for December 31, 2005, 2004 and 2003 were \$136,205.49, \$121,871.75 and \$100,478.13 respectively. The contributions were equal to the required contributions for each year.

**6. CONTINGENT LIABILITIES**

The County and certain of its officials are defendants in a variety of legal actions involving matters of contract, property, tort, taxation and civil rights. The resolution of these matters is not expected to have a material effect on the County's financial position and have not been provided for the accompanying financial statements.

**7. PROPERTY TAXES**

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on or before November 30.

The County Treasurer collects property taxes levied by the County and other taxing entities within the County (such as the school district). These tax collections are accounted for in the Treasurer's Tax Collection Trust. The Treasurer apportions and remits collected taxes to the Funds of the County and to other taxing entities periodically.

8. **OFF BALANCE SHEET RISK**

Carbon County, the Primary Government, and its Component Units have many bank accounts with various banking institutions. Some of the bank account balances are substantially over \$100,000. By maintaining several accounts with the same bank with balances exceeding \$100,000, the County has amounts that exceed the FDIC insurance limitation. Consequently, there is a potential loss to the extent that amounts are not insured.

9. **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member Counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

The County continues to carry commercial insurance for workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years.

10. **MUNICIPAL SOLID WASTE LANDFILLS**

Carbon County has a landfill that operates within the County. The County has filed with the State for operating permits for the landfill and has received a written approval.

Carbon County has obtained information necessary to determine the nature and source of landfill closure and postclosure care requirements. An amount of liability for closure and postclosure care costs, estimated total current cost of closure and postclosure care remaining to be recognized, percentage of landfill capacity used to date and the nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations has been calculated by the County and the engineers. The County has set aside an amount of \$21,163 to be put into an account held by the Utah Public Treasurer's Investment Pool.

11. **RECONCILIATION OF INTERFUND TRANSFERS**

The following table provides a reconciliation of all interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 634,000	\$ 1,290,449
Municipal Services		634,000
Tax Stability	250,000	
Other Governmental	1,055,449	15,000
	<u>\$ 1,939,449</u>	<u>\$ 1,939,449</u>

**12. BUDGETARY COMPLIANCE**

Unfavorable budget variances were incurred in the following funds:

**GENERAL FUND -**

Non-departmental	\$	43,599
Contributions to other governments		4,139

**MUNICIPAL SERVICES FUND -**

Planning and zoning	\$	1,334
---------------------	----	-------

**13. JOINT VENTURE**

The County is a member of a joint venture known as Four Corners Community Mental Health Center.

Under Utah State Code Sections 17A-3-600 and 17A-3-700, the State has given substance abuse and mental health authorities to counties to provide mental health and substance abuse services to persons living within their boundaries. To comply with Utah State Code, Carbon, Emery and Grand counties have joined together and created Four Corners Community Mental Health Center. The Center is the entity created by the counties to hold the mental health and substance abuse authorities and provide services required by the State of Utah. The Center has been organized as a non-profit corporation and the governing boards of three counties appointed the original board of directors. The Center contracts with the counties to provide mental health and substance abuse services to the citizens of the three-county area. As part of this contract, the counties provide funds to the Center by contracting for grants with the State of Utah and passing proceeds through to the Center, and by each county making additional local contributions. Because of these agreements, the three counties have an ongoing financial responsibility.

Four Corners Community Mental Health Center was audited for the fiscal year ended June 30, 2005, by Smuin, Rich & Marsing, Price, Utah.

**14. RESERVED FUND BALANCES**

**GENERAL FUND -**

\$253,022 is the balance of Restaurant tax collected, to be used for the promotion of tourism and related activity within the county and surrounding area.

\$21,163 is reserved to cover the estimated costs of the landfill closure at some future date.



**14. RESERVED FUND BALANCES (Continued)**

**MUNICIPAL SERVICES FUND –**

The balance of Class “B” funds reserved for future expenditures relating to “B” roads was \$173,180 at December 31, 2005.

The remaining reserved fund balances simply represents the balance of funds available for expenditures related to the purpose for which the fund was created.

**15. DEFICIT FUND BALANCE**

The Capital Project fund, non-major, had a deficit fund balance of \$100,394, at December 31, 2005.

CARBON COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

## SPECIAL REVENUE FUNDS

	CASTLE COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	HISTORICAL PRESER- VATION	CARBON COUNTY FUTURE	CENTENNIAL FUND
Cash	\$ 46,989	\$ 42,127	\$ 65,135	\$ 194,867		\$ 29,216	
Receivables	13,372			11,645			
Total assets	\$ 60,361	\$ 42,127	\$ 65,135	\$ 206,512	\$ ...	\$ 29,216	\$ ...
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable	\$ 2,272	\$ 93,429	\$ 5,015	\$ 3,358		\$ 306	
Accrued liabilities	851	2,009	2,277			592	
Total liabilities	\$ 3,123	\$ 95,438	\$ 7,292	\$ 3,358	\$ ...	\$ 898	\$ ...
FUND BALANCES:							
Unreserved, reported in:							
Special revenue fund	\$ 57,238	\$ (53,311)	\$ 57,843	\$ 203,154		\$ 28,318	
Total fund balances	\$ 57,238	\$ (53,311)	\$ 57,843	\$ 203,154	\$ ...	\$ 28,318	\$ ...
Total liabilities and fund equity	\$ 60,361	\$ 42,127	\$ 65,135	\$ 206,512	\$ ...	\$ 29,216	\$ ...

**SCHEDULE 1**  
(Continued)

**CARBON COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND			DEBT SERVICE FUND			TOTAL NONMAJOR GOVERNMENTAL FUND
	R.S.V.P.	COUNTRY TRAVEL	COUNCIL ON AGING	NUTRITION	OTHER	HABITAT	MENTAL HEALTH BUILDING				
<b>ASSETS</b>											
Cash	\$ 47,897	\$ 8,020	\$ 61,475	\$ 47,603	\$ (100,394)						\$ 442,935
Receivables			3,787	30,682							59,486
Total assets	\$ 47,897	\$ 8,020	\$ 65,262	\$ 78,285	\$ (100,394)	\$ ...	\$ ...				\$ 502,421
<b>LIABILITIES AND FUND EQUITY</b>											
<b>LIABILITIES:</b>											
Accounts payable	\$ 2,622	\$ 656	\$ 966	\$ 22,636							\$ 131,260
Accrued liabilities	379	360	1,214	2,064							9,746
Total liabilities	\$ 3,001	\$ 1,016	\$ 2,180	\$ 24,700	\$ ...	\$ ...	\$ ...				\$ 141,006
<b>FUND EQUITY:</b>											
Unreserved, reported in:											
Special revenue fund	\$ 44,896	\$ 7,004	\$ 63,082	\$ 53,585	\$ (100,394)						\$ 361,415
Total fund equity	\$ 44,896	\$ 7,004	\$ 63,082	\$ 53,585	\$ (100,394)	\$ ...	\$ ...				\$ 361,415
Total liabilities and fund equity	\$ 47,897	\$ 8,020	\$ 65,262	\$ 78,285	\$ (100,394)	\$ ...	\$ ...				\$ 502,421

**CARBON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	SPECIAL REVENUE FUNDS							
	CASTLE COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	HISTORICAL PRESERVATION	CARBON COUNTY FUTURE	CENTENNIAL FUND	R.S.V.P.
REVENUES:								
Taxes	\$ 147,124		\$ 125,916			\$ 31,708		\$ 61,543
Intergovernmental		\$ 10,182	136,482					
Charges for services		4,400						
Contributions				\$ 161,229				21,526
Miscellaneous	6,262							
Total revenues	\$ 153,386	\$ 14,582	\$ 262,398	\$ 161,229	\$	\$ 31,708	\$	\$ 83,069
EXPENDITURES:								
Public safety				\$ 116,143				
Parks, recreation and public property		\$ 429,901	\$ 377,189		\$ 1,649		\$ 2,414	\$ 91,893
Public health						\$ 111,770		
Conservation and economic development	\$ 129,525							
Miscellaneous								
Capital outlay								
Total expenditures	\$ 129,525	\$ 429,901	\$ 377,189	\$ 116,143	\$ 1,649	\$ 111,770	\$ 2,414	\$ 91,893
Excess of revenues over (under) expenditures	\$ 23,861	\$ (415,319)	\$ (114,791)	\$ 45,086	\$ (1,649)	\$ (80,062)	\$ (2,414)	\$ (8,824)
Other financing sources (uses):								
Transfers in		\$ 310,301	\$ 115,000			\$ 65,020		\$ 24,742
Transfers out	\$ (15,000)							
Total other financing sources (uses)	\$ (15,000)	\$ 310,301	\$ 115,000	\$	\$	\$ 65,020	\$	\$ 24,742
Excess of revenues and other sources over (under) expenditures and other uses	\$ 8,861	\$ (105,018)	\$ 209	\$ 45,086	\$ (1,649)	\$ (15,042)	\$ (2,414)	\$ 15,918
Fund Balances - Beginning of year	48,377	51,707	57,634	158,068	1,649	43,360	2,414	28,978
Fund Balances - End of year	\$ 57,238	\$ (53,311)	\$ 57,843	\$ 203,154	\$	\$ 28,318	\$	\$ 44,896

SCHEDULE 2  
(Continued)

CARBON COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND			DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CASTLE COUNTRY TRAVEL	COUNCIL ON AGING	NUTRITION	OTHERS	HABITAT & HOUSING	MENTAL HEALTH BUILDING			
REVENUES:									
Taxes	\$ 31,848	\$ 51,794	\$ 124,409	\$ 212,890	\$ 34,033				\$ 147,124
Intergovernmental									674,141
Charges for services									146,664
Contributions	2,950	70,166	104,065						4,400
Miscellaneous									366,198
Total revenues	\$ 34,798	\$ 121,960	\$ 228,474	\$ 212,890	\$ 34,033	\$ ...			\$ 1,338,527
EXPENDITURES:									
Public safety					\$ 34,033				\$ 116,143
Parks, recreation and public property									845,186
Public health	\$ 48,223	\$ 376,607	\$ 571,365						1,039,865
Conservation and economic development						\$ 78			289,518
Miscellaneous									78
Capital outlay				\$ 447,318					447,318
Total expenditures	\$ 48,223	\$ 376,607	\$ 571,365	\$ 447,318	\$ 34,033	\$ 78			\$ 2,738,108
Excess of revenues over (under) expenditures	\$ (13,425)	\$ (254,647)	\$ (342,891)	\$ (234,428)	\$ ...	\$ (78)			\$ (1,399,581)
Other financing sources (uses):									
Transfers in	\$ 15,000	\$ 182,613	\$ 342,773						\$ 1,055,449
Transfers out									(15,000)
Total other financing sources (uses)	\$ 15,000	\$ 182,613	\$ 342,773	\$ ...	\$ ...	\$ ...			\$ 1,040,449
Excess of revenues and other sources over (under) expenditures and other uses	\$ 1,575	\$ (72,034)	\$ (118)	\$ (234,428)	\$ ...	\$ (78)			\$ (359,132)
Fund Balances - Beginning of year	5,429	135,116	53,703	134,034		78			720,547
Fund Balances - End of year	\$ 7,004	\$ 63,082	\$ 53,585	\$ (100,394)	\$ ...	\$ ...			\$ 361,415

CARBON COUNTY  
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS  
DECEMBER 31, 2005

	SCOFIELD ASPEN COVE	SOUTHEASTERN UTAH DISTRICT HEALTH	FOUR CORNERS COMMUNITY BEHAVIORAL HEALTH	DISTRICT AND PRECINCT COURT	CLERK'S TRUST	COLLECTION TRUST	TOTAL ALL FIDUCIARY FUNDS
<u>ASSETS</u>							
Investments							
Cash on hand and in banks	\$ 88,133	\$ 411,217	\$ 830,856	\$ 68,936	\$ 2,071	\$ 929,992	\$ 929,992
Receivable - taxes						657,434	2,058,647
Miscellaneous Receivable						56,563	56,563
						223,363	\$ 223,363
Total assets	\$ 88,133	\$ 411,217	\$ 830,856	\$ 68,936	\$ 2,071	\$ 1,867,352	\$ 3,268,565
<u>LIABILITIES</u>							
Accounts payable							\$ 57,625
Precinct fees, bail and bonds payable							52,445
Due to taxing units						\$ 1,867,352	1,867,352
Alimony, support and miscellaneous					\$ 2,071		2,071
Due to other agencies	\$ 88,133	\$ 411,217	789,722				1,289,072
Total liabilities	\$ 88,133	\$ 411,217	\$ 830,856	\$ 68,936	\$ 2,071	\$ 1,867,352	\$ 3,268,565

**CARBON COUNTY**  
**SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF**  
**DECEMBER 31, 2005**

TAX UNITS	ADJUSTED TAXABLE VALUE	TAX RATE	TOTAL TAXES LEVIED	UNPAID TAXES	TREASURER'S RELIEF			NET TAXES COLLECTED	PERCENT	OTHER COLLECTIONS			DELINQUENCIES TAXES PENALTY AND INTEREST
					ABATEMENTS	OTHER ADJUSTMENTS	TOTAL RELIEF			FEES IN LIEU	MISCELLANEOUS		
COUNTY FUNDS:													
General fund	\$ 1,755,292,183	0.002326	\$ 4,020,123	\$ 58,603	\$ 17,456	\$ (900)	\$ 75,159	\$ 3,944,964	98.13%	\$ 366,818	\$ 36,260	\$	\$ 195,986
Municipal services	1,308,691,903	0.000168	219,906	2,082	399	(18)	2,463	217,443	98.88%	16,828	2,029		4,987
Assessing and collecting	1,755,292,183	0.000451	828,910	12,110	3,607	52	15,769	813,141	98.10%	71,124	7,505		22,638
Total County Funds			\$ 5,068,939	\$ 72,795	\$ 21,462	\$ (866)	\$ 93,391	\$ 4,975,548		\$ 454,770	\$ 45,794	\$	\$ 223,611
SCHOOL DISTRICT:													
Carbon	1,755,292,183	0.006595	\$ 11,255,944	\$ 164,007	\$ 48,852	\$ (2,191)	\$ 210,668	\$ 11,045,276	98.13%	\$ 1,040,052	\$ 101,729	\$	\$ 315,594
CITIES AND TOWNS:													
Price City	257,789,839	0.002710	\$ 675,725	\$ 18,511	\$ 9,352	\$ (1,732)	\$ 26,131	\$ 649,594	96.13%	\$ 95,465	\$ 3,723	\$	\$ 25,794
Helper City	44,703,312	0.002482	111,603	4,328	2,197	333	6,858	104,745	93.85%	25,386	2,140		4,037
East Carbon City	42,006,851	0.006191	262,056	10,678	2,815	119	13,612	248,444	94.81%	22,923	1,921		17,077
Wellington City	42,307,203	0.002157	91,638	4,215	430	80	4,725	86,913	94.84%	14,892	711		8,188
Sunnyside	54,520,726	0.002203	172,590	966	445	(145)	1,266	171,324	99.27%	5,607	1,302		4,153
Scotfield Town	5,256,439	0.000702	3,644	299	1	1	301	3,343	91.75%	74	34		385
Total Cities and Towns			\$ 1,317,256	\$ 38,997	\$ 15,240	\$ (1,344)	\$ 52,893	\$ 1,264,363		\$ 164,347	\$ 9,831	\$	\$ 59,634
OTHER DISTRICTS:													
Price River Water Improvement	925,359,642	0.000857	\$ 894,460	\$ 16,476	\$ 6,845	\$ (186)	\$ 23,135	\$ 871,325	97.41%	\$ 129,565	\$ 7,256	\$	\$ 19,852
Carbon Water Conservancy	1,755,292,183	0.000123	212,512	3,098	923	(48)	3,973	208,539	98.13%	19,397	1,905		6,165
Total Other Districts			\$ 1,106,972	\$ 19,574	\$ 7,768	\$ (234)	\$ 27,108	\$ 1,079,864		\$ 148,962	\$ 9,161	\$	\$ 26,017
GRAND TOTAL			\$ 18,749,111	\$ 295,373	\$ 93,322	\$ (4,635)	\$ 384,060	\$ 18,365,051		\$ 1,808,131	\$ 166,515	\$	\$ 624,856

CARBON COUNTY  
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	GENERAL HEALTH	IMMUNIZATIONS NON VFC	WIC	MCH BLOCK	FLU	CANCER CONTROL
<b>Revenues:</b>						
State Reimbursement	\$ 227,778		\$ 372,761	\$ 87,610		\$ 30,108
General Health	122,821	\$ 72,586		6,992	\$ 86,078	2,181
County	302,274					
School Nurses	2,250					
Miscellaneous	26,313					
Grants and other government resources		1,760		12,736	2,781	
<b>Total Revenues</b>	<b>\$ 681,436</b>	<b>\$ 74,346</b>	<b>\$ 372,761</b>	<b>\$ 107,338</b>	<b>\$ 88,859</b>	<b>\$ 32,289</b>
<b>Expenditures:</b>						
Salaries	\$ 144,258	\$ 11,907	\$ 208,018	\$ 45,739	\$ 17,799	\$ 28,200
Fringe Benefits	72,387	4,810	88,934	20,529	6,947	13,376
Consultants	911	75	21,812	131		162
Contract - MD	1,295	41	880	160	57	99
Contract - Travel			1,204			
Patient care	1,901			5,316		
Pharmacy	13,863			4,188		780
Supplies - Medical	3,598	72,090	5,684	1,817	53,811	640
Travel	21,503	302	11,672	2,810	138	1,751
Dues - Periodicals	827	35	733	262	28	108
Education - Training	1,661	22	1,400	822	43	45
Capital Purchases	25,654					
Utilities	2,420	178	3,162	691	262	436
Maintenance - Repairs	5,254	337	5,854	1,515	496	821
Insurance	1,509	107	1,801	283	713	167
Data Processing	1,185	658	336	664	2,424	56
Postage	1,198	71	1,447	288	57	180
Printing - Binding	1,275	28	276	180	47	14
Rent	34			11	54	
Supplies - Office	2,958	255	4,555	561	271	650
Laboratory	8,878			2,168		
Telephone	3,715	235	7,383	965	302	567
Other	11,736	188	907	421	348	101
Interest	6,944					
Debt payment	22,890					
State match						
Mini Grants						
<b>Total Expenditures</b>	<b>\$ 357,854</b>	<b>\$ 91,339</b>	<b>\$ 366,058</b>	<b>\$ 89,521</b>	<b>\$ 83,797</b>	<b>\$ 48,153</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ 323,582</b>	<b>\$ (16,993)</b>	<b>\$ 6,703</b>	<b>\$ 17,817</b>	<b>\$ 5,062</b>	<b>\$ (15,864)</b>



**SCHEDULE 5**  
**(Continued)**

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**SCHEDULE OF CONTRACT REVENUES/EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>TOBACCO PREVENTION</b>	<b>INDOOR CLEAN AIR</b>	<b>TOBACCO VIOLATIONS</b>	<b>TUBERCULOSIS ELIMINATION</b>	<b>EARLY INTER- VENTION</b>	<b>SENIOR HEALTH</b>
<b>Revenues:</b>						
State Reimbursement	\$ 73,900	\$ 2,647		\$ 6,590	\$ 124,754	\$ 4,062
General Health	841		\$ 3,200		124,827	
County						
School Nurses						
Miscellaneous						
Grants and other government resources						
<b>Total Revenues</b>	<b>\$ 74,741</b>	<b>\$ 2,647</b>	<b>\$ 3,200</b>	<b>\$ 6,590</b>	<b>\$ 249,581</b>	<b>\$ 4,062</b>
<b>Expenditures:</b>						
Salaries	\$ 41,197	\$ 1,888		\$ 12,162	\$ 115,872	\$ 881
Fringe Benefits	19,349	679		4,427	49,985	253
Consultants	331	3		116	658	14
Contract - MD	1,593	6		42	53,198	46
Contract - Travel		18			1,177	
Patient Care						
Pharmacy				146		
Supplies - Medical						
Travel	2,093			685	10,800	24
Dues - Periodicals	130	8		31	387	
Education - Training	610	4		14	430	2
Capital Purchases					2,100	3,390
Utilities	623	30		180	1,487	12
Maintenance - Repairs	1,223	58		311	2,875	19
Insurance	295	32		55	1,171	22
Data Processing	69	4		32	845	7
Postage	321	10		71	636	
Printing - Binding	835			7	340	
Rent						
Supplies - Office	1,950	30		207	2,170	28
Laboratory						
Telephone	814	37		243	2,982	16
Other	6,059	4		55	377	5
Interest						
Debt payment						
State match						
Mini Grants						
<b>Total Expenditures</b>	<b>\$ 77,492</b>	<b>\$ 2,811</b>	<b>\$ ...</b>	<b>\$ 18,784</b>	<b>\$ 247,490</b>	<b>\$ 4,719</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (2,751)</b>	<b>\$ (164)</b>	<b>\$ 3,200</b>	<b>\$ (12,194)</b>	<b>\$ 2,091</b>	<b>\$ (657)</b>

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**SCHEDULE OF CONTRACT REVENUES/EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>IMMUNIZATIONS</u>	<u>BIOTERRORISM</u>	<u>PREVENTION BLOCK</u>	<u>HIV</u>	<u>ENVIRON- MENTAL HEALTH CHS</u>	<u>EPSDT/ CHEC</u>
Revenues:						
State Reimbursement	\$ 44,806	\$ 250,641	\$ 73,452	\$ 1,000	\$ 12,500	\$ 17,076
General Health	18,288				80,133	
County						
School Nurses						
Miscellaneous						
Grants and other government resources	55,322					
<b>Total Revenues</b>	<b>\$ 118,416</b>	<b>\$ 250,641</b>	<b>\$ 73,452</b>	<b>\$ 1,000</b>	<b>\$ 92,633</b>	<b>\$ 17,076</b>
Expenditures:						
Salaries	\$ 88,325	\$ 113,480	\$ 52,044	\$ 1,467	\$ 122,307	\$ 13,080
Fringe Benefits	42,286	53,412	23,691	678	47,490	6,482
Consultants	477	731	159	4	659	83
Contract - MD	305	394	223	5	428	45
Contract - Travel						
Patient Care						
Pharmacy						
Supplies - Medical	2,703		6,066			1,044
Travel	1,427	36,742	3,668	21	6,792	220
Dues - Periodicals	297	646	170	7	430	58
Education - Training	147	7,334	1,259	3	136	21
Capital Purchases		15,143				
Utilities	1,324	1,734	799	25	1,884	197
Maintenance - Repairs	2,462	3,196	1,730	50	3,430	362
Insurance	907	972	857	8	594	99
Data Processing	2,369	2,528	95	3	250	513
Postage	523	767	329	11	775	94
Printing - Binding	193	67	1,131		61	105
Rent						
Supplies - Office	1,511	4,175	1,643	19	2,484	159
Laboratory						
Telephone	1,712	5,633	1,013	31	2,457	262
Other	1,280	1,157	240	6	699	41
Interest						
Debt payment						
State match						
Mini Grants			5,000			
<b>Total Expenditures</b>	<b>\$ 148,248</b>	<b>\$ 248,111</b>	<b>\$ 100,117</b>	<b>\$ 2,338</b>	<b>\$ 190,876</b>	<b>\$ 22,865</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (29,832)</b>	<b>\$ 2,530</b>	<b>\$ (26,665)</b>	<b>\$ (1,338)</b>	<b>\$ (98,243)</b>	<b>\$ (5,789)</b>

**SCHEDULE 5**  
**(Continued)**

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**SCHEDULE OF CONTRACT REVENUES/EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>CARDIO-CDC</u>	<u>TOBACCO BUYS</u>	<u>CARE-A-VAN</u>	<u>ALL COUNTIES SCHOOL NURSE</u>	<u>NEWBORN CARE</u>
<b>Revenues:</b>					
State Reimbursement	\$ 45,311				
General Health		\$ 15,900	\$ 13,935		\$ 32,073
County					
School Nurses				\$ 66,060	
Miscellaneous					
Grants and other government resources			73,902		
<b>Total Revenues</b>	<b>\$ 45,311</b>	<b>\$ 15,900</b>	<b>\$ 87,837</b>	<b>\$ 66,060</b>	<b>\$ 32,073</b>
<b>Expenditures:</b>					
Salaries	\$ 31,876	\$ 6,255	\$ 47,296	\$ 48,648	\$ 12,685
Fringe Benefits	18,563	2,914	17,838	15,944	4,730
Consultants	196	61	266	92	116
Contract - MD	111	47	164	168	38
Contract - Travel					
Patient Care					
Pharmacy					
Supplies - Medical					
Travel	1,503	884	24,164	3,293	1,029
Dues - Periodicals	124	23	153	496	42
Education - Training	141	6	164	471	21
Capital Purchases			1,553		
Utilities	487	91	712	724	194
Maintenance - Repairs	982	162	1,398	1,446	367
Insurance	240	42	445	603	71
Data Processing	52	5	85	84	510
Postage	239	54	296	254	75
Printing - Binding	196	244	24	37	142
Rent					
Supplies - Office	433	73	934	817	210
Laboratory					
Telephone	628	125	2,414	1,545	263
Other	89	2,628	970	15	44
Interest					
Debt payment					
State match			9,730		13,339
Mini Grants					
<b>Total Expenditures</b>	<b>\$ 55,860</b>	<b>\$ 13,614</b>	<b>\$ 108,606</b>	<b>\$ 74,637</b>	<b>\$ 33,876</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (10,549)</b>	<b>\$ 2,286</b>	<b>\$ (20,769)</b>	<b>\$ (8,577)</b>	<b>\$ (1,803)</b>

**SCHEDULE 5**  
**(Continued)**

**CARBON COUNTY**  
**SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT**  
**SCHEDULE OF CONTRACT REVENUES/EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>INFANT DEVELOPMENT</b>	<b>CASE MANAGEMENT</b>	<b>ENVIRONMENTAL HEALTH DEQ</b>	<b>COMMUNITY BASED SERVICES</b>	<b>TOTAL</b>
<b>Revenues:</b>					
State Reimbursement	\$ 16,799	\$ 37,998	\$ 84,975	\$ 111,693	\$ 1,626,461
General Health			47,088		626,943
County					302,274
School Nurses					68,310
Miscellaneous					26,313
Grants and other government resources					146,501
<b>Total Revenues</b>	<b>\$ 16,799</b>	<b>\$ 37,998</b>	<b>\$ 132,063</b>	<b>\$ 111,693</b>	<b>\$ 2,796,802</b>
<b>Expenditures:</b>					
Salaries	\$ 11,157	\$ 25,093	\$ 110,332	\$ 76,507	\$ 1,388,473
Fringe Benefits	4,551	7,667	49,455	24,275	601,652
Consultants	32	171	661	513	28,434
Contract - MD	39	86	372	267	60,109
Contract - Travel				1,211	3,610
Patient Care					7,217
Pharmacy					18,977
Supplies - Medical					147,453
Travel	341	910	7,530		140,302
Dues - Periodicals	34	75	350	223	5,677
Education - Training	28	48	195	117	15,144
Capital Purchases					47,840
Utilities	163	374	1,608	1,156	20,953
Maintenance - Repairs	337	710	3,002	2,099	40,496
Insurance	47	338	1,236	442	13,056
Data Processing	13	147	173	120	13,227
Postage	60	146	672	591	9,165
Printing - Binding	19	15	56	38	5,330
Rent					99
Supplies - Office	175	844	1,670	1,474	30,256
Laboratory			2,750		13,796
Telephone	215	480	2,696	1,608	38,341
Other	119	107	457	555	28,608
Interest					6,944
Debt payment					22,890
State match					23,069
Mini Grants					5,000
<b>Total Expenditures</b>	<b>\$ 17,330</b>	<b>\$ 37,211</b>	<b>\$ 183,215</b>	<b>\$ 111,196</b>	<b>\$ 2,736,118</b>
<b>Net Revenues/(Expenditures)</b>	<b>\$ (531)</b>	<b>\$ 787</b>	<b>\$ (51,152)</b>	<b>\$ 497</b>	<b>\$ 60,684</b>

**SMUIN, RICH & MARSING**

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Carbon County  
Price, Utah 84501

Re: Report on Legal Compliance with Applicable  
Utah State Laws and Regulations

We have audited the financial statements of Carbon County, for the year ended December 31, 2005, and have issued our report thereon dated August 5, 2006. As part of our audit, we have audited Carbon County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide. The County received the following major State assistance programs from the State of Utah:

- General Health (Department of Health)
- B Road Funds (Department of Transportation)
- Liquor Allotment (State Tax Commission)
- CIB Grant/Loan (Department of Community and Economic Development)
- Children Justice (Department of Health and Human Services)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Carbon County's financial statements.)

- Airport Improvements (Department of Transportation)
- Early Intervention (Department of Health)
- Environment Health DEQ (Department of Health)
- T/B Medication (Department of Health)
- Cancer Promotion and Control (Department of Health)
- Indoor Clean Air (Department of Health)
- PILT State (State Tax Commission)
- RSVP (Department of Health)
- Emergency Medical Services (Department of Health)
- Library Bookmobile (Department of Community and Economic Development)
- CHEC (Department of Health)
- HMEP (Department of Health)
- Tobacco Prevention (Department of Health)
- Emergency Mosquito Control (Department of Health)
- Predator Control (Department of Natural Resources)
- Fire Control (Department of Natural Resources)
- LHD Environmental Services (Department of Health)
- Children Justice Services (Department of Child and Family Services)
- Consumer Education and Assistance (Department of Health)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt	Liquor Law Enforcement
Transient Room Tax	Cash Management
Statement of Taxes Charged, Collected and Disbursed	Purchasing Requirements
Assessing & Collecting of Property Taxes	Budgetary Compliance
B & C Road Funds	Justice Courts
Uniform Building Code	Truth in Taxation & Property Tax Limitations
	Other Compliance Requirements

The management of Carbon County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Carbon County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

SMUIN, RICH & MARSING

*Smuin, Rich & Marsing*

Price, Utah

August 5, 2006

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Carbon County  
Price, Utah 84501

RE: Report on Compliance and Other Matters  
and on Internal Control Over Financial  
Reporting Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards

We have audited the financial statements of Carbon County as of and for the year ended December 31, 2005, and have issued our report thereon dated August 5, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

*Smuin, Rich & Marsing*

Price, Utah

August 5, 2006



**SMUIN, RICH & MARSING**

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Carbon County  
Price, Utah 84501

RE: Report on Compliance With Requirements  
Applicable to Each Major Program and  
Internal Control Over Compliance in  
Accordance With OMB Circular A-133

**Compliance**

We have audited the compliance of Carbon County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005.

The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements, laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

### Internal Control Over Compliance

The management of Carbon County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING



Price, Utah

August 5, 2006

**CARBON COUNTY/SEUDHD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Carbon County.
2. There were no reportable conditions or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Carbon County were disclosed by the audit.
4. There were no reportable conditions or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Carbon County expresses an unqualified opinion.
6. The audit of Carbon County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
WIC Administration and Nutrition/Food Vouchers	10.557
FAA – Airport Improvement Program	20.106
Bioterrorism	93.283

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Carbon County was determined to be a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None

**CARBON COUNTY/SEUDHD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2005
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Pass Through State Department:							
WIC Administration and Nutrition (Note 2)	10 557	*	\$ 369,700	\$	204,172	\$ 204,172	
WIC Administration and Nutrition (Note 2)	10 557	*	368,500		168,590	168,590	
WIC Food Vouchers (Note 2)	10 557	*	815,100		375,723	375,723	
WIC Food Vouchers (Note 2)	10 557	*	901,800		391,207	391,207	
Summer Food	10 559		200		200	200	
Forest Reserve	10 666				1,928	1,928	
Pass Through Southeastern Utah Association of Governments:							
USDA Cash in Lieu	10 550	N/A	75,000		36,407	36,407	
<b>Total U.S. Department of Agriculture</b>			<b>\$ 2,530,300</b>	<b>\$</b>	<b>1,178,227</b>	<b>\$ 1,178,227</b>	<b>\$</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
Pass through State Department:							
CDBG - Housing Authority	14 228	5193810	\$ 72,986		34,033	\$ 34,033	
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 72,986</b>	<b>\$</b>	<b>34,033</b>	<b>\$ 34,033</b>	<b>\$</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Direct Program:							
Victims of Crime	16 575	98-VOCA-05			33,674	\$ 33,674	
National Children's Alliance	16 543				5,043	5,043	
<b>Total U.S. Department of Justice</b>			<b>\$</b>	<b>\$</b>	<b>38,717</b>	<b>\$ 38,717</b>	<b>\$</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Pass through State Department:							
FAA - Airport Improvement Program	20 106	3-49-0026-10	\$ 973,929		108,583	\$ 108,583	
FAA - Airport Lighting System	20 106	3-49-0026-11	172,500		44,011	44,011	
Scenic Byway Grant	20 205		11,232		11,232	11,232	
<b>Total U.S. Department of Transportation</b>			<b>\$ 1,157,661</b>	<b>\$</b>	<b>163,826</b>	<b>\$ 163,826</b>	<b>\$</b>

• Major Programs

CARBON COUNTY/SEUDHD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURUED (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURUED (DEFERRED) REVENUE AT DECEMBER 31, 2005
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass through State Department:							
TB Elimination	93.116	C5-I	\$ 6,450	\$	\$ 6,450	\$ 6,450	
Immunizations	93.268	C4-II	45,571		22,028	22,028	
Immunizations	93.268	C4-II	45,299		22,778	22,778	
Immunization Vaccine	93.268	N/A			183,389	183,389	
Cancer Promotion	93.283	C3-I	38,200		11,634	11,634	
Cancer Promotion	93.283	C3-I	35,700		17,021	17,021	
Bioterrorism	93.283	06-0950	250,497		76,830	76,830	
Bioterrorism	93.283	05-1287	250,497		172,106	172,106	
Epidemiology	93.283	05-0374	6,581		1,706	1,706	
Comprehensive Tobacco	93.283	C3-V	33,000		16,553	16,553	
Comprehensive Tobacco	93.283	C3-V	33,000		11,856	11,856	
Social Services Block Grant - XX	93.667	N/A			1,802	1,802	
CHEC	93.778	C1-I	16,200		7,498	7,498	
CHEC	93.778	C1-I	16,100		4,235	4,235	
Care A Van Grant	93.778		50,000		32,144	32,144	
Cons. Education & Assistance	93.778	C1-II	35,000		11,769	11,769	
Cons. Education & Assistance	93.778	C1-II	36,977		15,374	15,374	
HIV Counseling/Education	93.940	C5-III	1,000		1,000	1,000	
HDSP - CDC Cooperative	93.945	C3-II	50,000		29,004	29,004	
HDSP - CDC Cooperative	93.977	C3-II	50,000		16,307	16,307	
Sexually Transmitted Disease	93.990	C5-II	500		153	153	
Health Insurance Information Program	93.990	N/A	3,000		3,000	3,000	
HDSP - Preventative Block Grant	93.991	C3-II	43,333		23,333	23,333	
HDSP - Preventative Block Grant	93.991	C3-II	43,334		7,799	7,799	
Basic Injury Prevention	93.991	C3-III	11,196		7,046	7,046	
Basic Injury Prevention	93.991	C3-III	11,196		3,991	3,991	
Basic Injury Prevention	93.994	C3-III	31,733		20,055	20,055	
P-5 Home Visitation	93.994	C3-III	31,733		11,227	11,227	
P-5 Home Visitation	93.994	C4-I	16,000		8,138	8,138	
Community Based Services	93.994	C4-I	16,000		8,661	8,661	
Community Based Services	93.994	C2-I	98,022		60,360	60,360	
General Health	93.994	C2-I	97,500		51,333	51,333	
General Health	93.994	C4-I	87,610		43,805	43,805	
General Health	93.994	C4-I	87,610		43,805	43,805	

\* Major Programs

CARBON COUNTY/SEUDHD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2005
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Pass Through Southeastern Utah Association of Governments:							
Special Program of Aging -							
Support Services	93 044	N/A	\$ 45,443		\$ 22,721	\$ 22,721	
Support Services	93 044	N/A	47,148		23,574	23,574	
Title III, Nutrition	93 045	N/A	77,130		37,971	37,971	
Title III, Nutrition	93 045	N/A	77,956		39,649	39,649	
Senior Health	93 043	AOG			4,062	4,062	
Cops Drug Court Tracker	16 710	AOG	20,000		19,737	19,737	
Social Services Block Grant - XX	93 667	AOG	5,844		2,922	2,922	
Social Services Block Grant - XX	93 667	AOG	5,414		2,707	2,707	
Social Services Block Grant - XX	93 667	N/A	8,053		4,026	4,026	
Social Services Block Grant - XX	93 667	N/A	8,053		4,026	4,026	
Total U.S. Department of Health and Human Services			\$ 1,873,880	\$ ...	\$ 1,115,585	\$ 1,115,585	\$ ...
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
Pass through State Department:							
Air Quality Lead/Rad	66 605		\$ 3,500		\$ 1,750	\$ 1,750	
Air Quality Lead/Rad	66 605	15-1461	2,500		1,250	1,250	
Drinking Water Funds	66 468	05-0461	10,650		5,325	5,325	
Drinking Water Funds	66 468		10,780		5,390	5,390	
Total Environmental Protection Agency			\$ 27,430	\$ ...	\$ 13,715	\$ 13,715	\$ ...
<b>CORPORATION FOR NATIONAL SERVICE</b>							
Pass through State Department:							
Retired Senior Volunteer Program	94 002	440-P062/20	\$ 29,959		\$ 29,958	\$ 29,958	
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Pass through State Department:							
Early Intervention	84 181	C2-II	\$ 58,141		\$ 27,451	\$ 27,451	
Early Intervention	84 181	C2-II	61,563		33,194	33,194	
Total U.S. Department of Education			\$ 119,704	\$ ...	\$ 60,645	\$ 60,645	\$ ...

\* Major Programs

SCHEDULE 6  
(Continued)

CARBON COUNTY/SEUDHD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2005	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2005
<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>						
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>						
Pass through State Department: FEMA	83 505	\$ 7,500	\$	\$ 7,500	\$ 7,500	\$
<b>U S DEPARTMENT OF HOMELAND SECURITY</b>						
Direct Program: Home Land Security	97 067		\$	\$ 237,651	\$ 237,651	\$
<b>TOTAL FEDERAL ASSISTANCE</b>		\$ 5,819,420	\$	\$ 2,879,857	\$ 2,879,857	\$

\* Major Programs

**CARBON COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AS OF DECEMBER 31, 2005**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

**2. FOOD INSTRUMENTS**

Amounts shown on the schedule of expenditures of federal awards as WIC food vouchers are not direct cash expenditures of Carbon County. The Southeastern Utah Health District operates the Women, Infant and Children program. As part of this program the Health District distributes food instruments provided by the State of Utah that can be redeemed at local stores for food items. The dollar amounts, reported on the schedule of expenditures of federal awards, are the fair market value of the food instruments.

**3. VACCINES**

As part of the immunization program of the Southeastern Utah Health District, vaccines were provided by federal agencies. The fair market values of these vaccines have been reported on the schedule of expenditures of federal awards as immunization vaccines.

**4. MEDICAID CASE MANAGEMENT**

Medicaid Case Management is reimbursed on a fee for service basis. Because of this type of payment, the revenue exceeds the expenses for this program. In order not to have an accrued revenue amount for these programs, additional expenses have been recorded.



**CARBON COUNTY/SEUDHD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Carbon County had no prior audit findings that were required to be reported in the current audited financial statements, for previous audited financial statements or previously audited Federal Awards.

# **SMUIN, RICH & MARSING**

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.  
R. KIRT RICH, C.P.A.  
GREG MARSING, C.P.A.  
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners - Carbon County  
Southeastern Utah District Health Department  
Price, Utah 84501

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of the accounting procedures and internal controls in connection with our examination of the financial statements of Carbon County for the year ended December 31, 2005.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

## **CARBON COUNTY**

### **DEFICIT FUND BALANCES**

According to State of Utah law, County's are not allowed to spend more funds than what they receive. By so doing, they create a deficit fund balance. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of available funds, is illegally created debt in violation of the Utah Constitution. During the audit, we found that the Capital Projects Fund had a deficit fund balance for the year ending December 31, 2005.

We recommend that adequate revenues be allocated to the Capital Projects Fund to eliminate the current deficit.

### **BUDGETARY COMPLIANCE**

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of the total appropriations for any fund or department of the County. The County has overspent the following funds in the current fiscal year:

Municipal Services Fund  
General Fund – Various Departments

We recommend the County review the expenditures made, with the adopted budget, to determine if the budgets of the departments or funds are being overspent. Department directors need to evaluate the expenditures for their departments to ensure that budgets are not being over spent.

## SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT

### COST ALLOCATION OF SPECIFIC TRANSACTIONS

Gas card transactions have been allocated to all programs, when some of the costs are program specific

We recommend that transactions for specific programs not be allocated to other programs. This can cause questioned costs in other programs and unreported costs in the programs where the cost is specific.

### AVAILABLE SUPPORTING DOCUMENTATION

During the current year, those who were responsible for the proper disposal of Health Department information threw away cash receipt documents covering the period of January thru July 2005. While the information would have provided valuable supporting documentation, the Health Department has been able to provide sufficient additional documentation to support the tests performed. We were able to review copies of receipts, and for the major revenue sources from the State of Utah, we had original check stubs and receipts. While this is an extremely rare event, the Health Department has seen first hand how easy necessary financial data can be discarded.

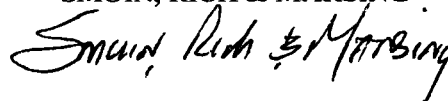
We recommend that the Health Department change their process for disposal of outdated or unneeded information. The Health Department should store old information in a separate area and obviously marked to be discarded. Those who are responsible for the disposal of the information need to be made aware of where the old information is stored and only that information should be properly discarded. Every care and effort should be made to ensure that proper documentation is kept and available for future review.

### SUMMARY

We feel the accounting procedures and internal control items mentioned above are some areas where Carbon County and Southeastern Utah District Health Department can make changes so as to further improve their internal control structures to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING



Price, Utah

August 5, 2006



# **CARBON COUNTY**

**PRICE, UTAH 84501**

September 15, 2006

AUSTIN JOHNSON, CPA  
OFFICE OF THE STATE AUDITOR  
211 STATE CAPITOL  
SALT LAKE CITY, UT 84114

Dear Mr. Johnson,

In order to satisfy the reporting requirements for Carbon County's annual audit, I am hereby submitting my response to the Management Letter to the County Commissioners from the auditing firm of Smuin, Rich & Marsing.

## **DEFICIT FUND BALANCES**

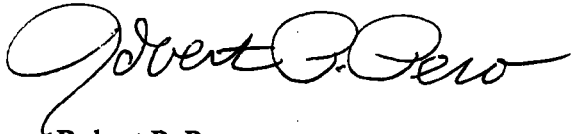
The area of concern involves an unanticipated overrun in the airport reconstruction project. I will meet with the commission and the appropriate transfers will be made to correct the deficit.

## **BUDGETARY COMPLIANCE**

During the 2005 year several Special Revenue Funds and Various Departments in the General Fund and the Municipal Services Fund overspent their budgets. I will be meeting with the Commission in the near future to address this continued problem. In the future I will monitor all funds for expenditures made as compared to budget so that this situation does continue to occur.

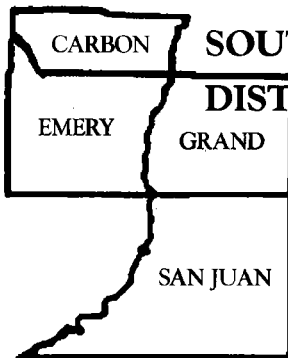
If you have any questions or require any additional information, please contact me during business hours at 435-636-3224.

Sincerely,

A handwritten signature in cursive script, reading "Robert P. Pero". The signature is fluid and elegant, with the first name "Robert" being the most prominent part.

**Robert P. Pero**  
**Carbon County Clerk/Auditor**

cc: **William Krompel**  
**Michael Milovich**  
**Steve Burge**



**SOUTHEASTERN UTAH  
DISTRICT HEALTH DEPARTMENT**

☐ 28 S. 100 E.  
P.O. Box 800  
Price, Utah 84501  
(435) 637-3671  
Fax (435) 637-1933

DAVE CUNNINGHAM, R.N., M.S.N.  
Health Director

DOTTIE FLEMETT, R.N.  
Nursing Director

CLARON BJORK, Ph.D.  
Environmental Health Director

JEAN RODRIGUEZ  
Budget & Accounting Officer

P.O. Box 644, Castle Dale, Utah 84513 • 381-2252 ☐

P.O. Drawer E, Moab, Utah 84532 • 259-5602 ☐

P.O. Box 127, Monticello, Utah 84535 • 587-2021 ☐

P.O. Box E, Blanding, Utah 84511 • 678-2723 ☐

July 12, 2006

Smuin, Rich & Marsing  
Certified Public Accountants  
294 East 100 South  
Price, Utah 84501

Gentlemen:

The following is our response to your comments and recommendations as a result of your review of our accounting procedures in your examination of our financial statements for the year ended December 31, 2005.

**Cost Allocation of Specific Transactions**

In the past we did not have vehicles that were specifically purchased and used by only one program, as a result our leased and purchased vehicles and their costs were allocated over all programs according to the amount of use by the program. Now we have vehicles that are purchased for and only used for specific programs. These costs should be charged to those programs and not allocated. In the future easily identifiable costs that are program specific will not be allocated but charged directly to the specific program.

**Available Supporting Documentation**

The Health Department does store old information in a separate area and when it is ready for disposal it is obviously marked to be discarded. While we are usually very careful we have now seen how easy mistakes are made and necessary data can be discarded.

As a result in the future every effort will be made to ensure that proper care is taken and documentation is kept and available for future review.

Sincerely,



Dave Cunningham, Director